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IN THE

Supreme Court of the United States

OCTOBER TERM, 1966

No. 765

HUMBLE OIL & REFINING COMPANY,
Petitioner,

v.

STANDARD OIL COMPANY (KENTUCKY),
Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FIFTH CIRCUIT

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November 10, 1966

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STANDARD OIL COMPANY (KENTUCKY),

Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FIFTH CIRCUIT

Petitioner prays that a writ of certiorari issue to review the judgment of the United States Court of Appeals for the Fifth Circuit, entered in the above-entitled case on July 1, 1966.

Citation to Opinions Below

The opinion of the District Court granting declaratory relief to petitioner and dismissing respondent's counterclaim (R. 75-189), printed in Appendix C hereto (*infra*, pp. C1-C115), is reported at 229 F. Supp. 586. The opinion of the Court of Appeals reversing the judgment of the District Court, printed in Appendix A hereto (*infra*, pp. A1-A22), is reported at 363 F. 2d 945.

Jurisdiction

The judgment of the Court of Appeals (R. 8175), printed in Appendix B hereto (*infra*, p. B1), was entered on July 1, 1966. On July 19, 1966 the Court of Appeals entered an order extending until August 11, 1966 the time for filing a petition for rehearing (R. 8176), and on August 11, 1966 a petition for rehearing was timely filed (R. 8177). Rehearing was denied on September 6, 1966 (R. 8218). The jurisdiction of this Court is invoked under 28 U. S. C. § 1254(1).

Questions Presented

The specific questions set forth below involve an important issue of public policy under the antitrust laws of the United States not heretofore decided by this Court—whether a Standard Oil company should be allowed to maintain, against all other Standard Oil companies, a territorial monopoly of the use of the Standard name and any cognitive thereof in territory allotted to it under the Standard Oil Trust declared illegal and dissolved by this Court in 1911.

Petitioner Humble Oil & Refining Company, a subsidiary of Standard Oil Company (New Jersey), markets petroleum products under the widely known trademark ESSO. Respondent Standard Oil Company (Kentucky), now a subsidiary of Standard Oil Company of California, markets petroleum products, under the trademarks "Standard Oil" and "Crown", in the five-state area of Alabama, Florida, Georgia, Kentucky and Mississippi.[1]

Humble and Kentucky are separate, unaffiliated companies, as are Jersey and California, although Jersey, Kentucky and California's predecessor, together with other

[1]Petitioner (including its predecessors) is hereinafter referred to as "Humble", and its parent as "Jersey". Respondent is hereinafter referred to as "Kentucky", and its parent as "California".

Standard Oil companies, were at one time affiliated in the Standard Oil Trust. That affiliation was dissolved by a decree affirmed by this Court in 1911. *Standard Oil Co.* v. *United States,* 221 U. S. 1. Kentucky was thereafter an independent company until it merged in 1961 with California.

Prior to its 1961 merger Kentucky purchased a major part of its supply of petroleum products from Humble under a supply contract. It was also licensed to market certain Humble products in the five-state area under Humble's ESSO marks pursuant to separate trademark contracts, in which Kentucky recognized Humble's ownership and exclusive right to the use of these ESSO trademarks in the states of Alabama, Florida, Georgia, Kentucky and Mississippi, and agreed that upon termination or cancellation of the license agreement all rights to the use of these trademarks in that area would revert to Humble.

In 1958 the Government brought a civil antitrust action against Jersey, Humble and Kentucky, charging that the method of distribution by which Kentucky purchased the major portion of its products from Humble constituted a restraint of competition. In 1961 Kentucky entered into a consent decree by which it was permitted to merge with California and required to terminate its supply contract with Humble. The Attorney General stated at the time that the Government had consented to the decree and merger in the belief that it would "stimulate competition" between Kentucky and Humble by having them "competing against each other."

Humble, as contemplated by the Attorney General, forthwith entered the five-state market. It opened stations and sold petroleum products under its trademark ESSO, which it had first developed and registered in the '20's. Kentucky objected, claiming that it had an exclusive right

in that area to the use of any name suggestive of a Standard Oil source and that Humble was not entitled to use the mark ESSO or any cognitive symbol of a Standard Oil source in "Kentucky's territory."

The instant action was instituted by Humble for a declaratory judgment to establish its right to market petroleum products in the five-state area under its trademark ESSO. Kentucky counterclaimed for an injunction. The District Court upheld Humble's right to use the ESSO trademark, holding that Humble had this right by virtue of the trademark contracts between the parties, and that in any event there was no actionable confusion between ESSO and respondent's trade name "Standard Oil".

The Court of Appeals reversed, enjoined Humble from marketing petroleum products in the five-state area under its mark ESSO and, while recognizing that Kentucky could not itself use ESSO, granted Kentucky a monopoly in that area of the use of the Standard name and any product identification suggestive of any Standard Oil source.

This decision was reached upon the basic holding of the Court that each Standard Oil company retained from the days of the Standard Oil Trust the exclusive right to use the Standard name and marks and any cognitive symbol of Standard Oil in the area that was its territory under the method of operation of the Trust prior to 1911. As stated by the Court:

> "Under the method of operation employed by the Trust before 1911, Standard Oil of Kentucky had the exclusive common-law right to use the Standard name and marks within its five-state area just as Standard Oil of New Jersey had the exclusive right to use the Standard name and marks in its area. After the dissolution of the Trust, each of the original subsidiaries retained its respective exclusive right." (A3-A4) (footnote omitted)

The Court of Appeals further stated that the public generally has come to associate all names of any Standard Oil derivation—such as "SO Company," "SO Co.," "SOHIO," "KYSO," "SOCONY," "CALSO" and "ESSO"—with "the prestige of Standard Oil" (A5) and that "in the petroleum world and to the public each means and has its real value in meaning the products purchased here are Standard Oil products" (A13). Also, that considering "today's interstate motor travel, we think long cumbersome records are no longer necessary to prove the public believes that all of the pseudonyms for Standard Oil belong to the same or related companies" (A14); therefore, all the Standard Oil companies "must share its Standard Oil idea or meaning with all the other Standard companies" (A15).

The sharing fixed by the Court was to allocate all right to use the "Standard Oil name and reputation" to the several Standard Oil companies on a restricted territorial basis of "the local Standard Oil company that first inhabited the trade area" (A4). Therefore it was held that "Standard Oil of Kentucky has always had the sole exclusive right to sell any product that bears the Standard name or cognitive symbol in the five-state area. Esso products could not have been sold or distributed at any time in the five-state area by anyone except by permission of Kentucky." (A14-A15)

Against the background of these facts, the questions presented are:

1. Is the decision of the Court of Appeals, establishing exclusive rights to use the "Standard Oil" name and reputation in accordance with territorial allocations found illegal by the 1911 decision of this Court in *Standard Oil Co.* v. *United States*, 221 U. S. 1 (1911), inconsistent with the intent of that decison, with the intent of the consent

judgment against Kentucky in *United States* v. *Standard Oil Co.*, 1961 Trade Cas. ¶ 70,037 (W. D. Ky. 1961), and with the policy of the antitrust laws?

2. Where, under present interstate travel conditions, the goodwill attached to the name Standard Oil is attributable to not one but *all* of the Standard Oil companies, does the allocation of that goodwill on the basis of historical marketing areas impose territorial restrictions and restraints on effective competition contrary to the public policy of the antitrust laws and the trademark laws?

3. Even if the Court of Appeals is assumed to have been correct in rejecting as "clearly erroneous" the District Court's finding that there was no actionable public confusion between ESSO and Standard Oil, could the confusion which the Court of Appeals found to exist be overcome by means less drastic and less injurious to competition than enjoining Humble from using its widely known ESSO trademark in Kentucky's marketing area?

Statutory Provision Involved

Section 1 of the Sherman Act, 15 U. S. C. § 1, provides in pertinent part as follows:

> "Every contract, combination in the form of trust or otherwise, or conspiracy, in restraint of trade or commerce among the several States, or with foreign nations, is declared to be illegal . . . ."

Statement

This controversy arises out of Humble's attempt to enter a market in which, with minor exceptions, it had not previously competed directly and in which Kentucky has long been and continues to be, the leading seller.

Humble's parent, Jersey, and Kentucky (as well as Kentucky's parent, California) were members of the old Standard Oil Trust, which was dissolved as a consequence of this Court's decision in *Standard Oil Co.* v. *United States*, 221 U. S. 1 (1911). Prior to this 1911 decision, Jersey and Kentucky, like other members of the Trust, were limited in their operations to a particular region, in accordance with the system of territorial allocation adopted by the Trust. This system was described by this Court as follows:

> ". . . [T]he system of marketing . . . was adopted by which the country was divided into districts and the trade in each district in oil was turned over to a designated corporation within the combination, and all others were excluded . . . ." 221 U. S. at 77 (quoted by the Court of Appeals in the present case, A3)

In its 1911 opinion, this Court held that the activities of the Trust had "operated to destroy the 'potentiality of competition,' " 221 U. S. at 73-4. No provision was made with respect to trademark rights in the decree of dissolution, nor was any reference to trademarks contained in the opinion.

After the dissolution of the Standard Oil Trust, the various constituent members continued to do business as separate and independent entities, and some of these members—including Jersey—expanded their area of operations beyond the states to which they were originally assigned by the Standard Oil Trust.

Kentucky, to which the Trust had allocated the exclusive right to market petroleum products in Kentucky, Mississippi, Alabama, Georgia and Florida, continued to operate in the same area after the Trust had been dissolved (A2). Marketing principally under the trademarks "Standard Oil" and "Crown" (C102), Kentucky continued to be, and still is, the largest seller of gasoline and other petroleum products in the five-state area (PX 335).

Alone among major oil companies, however, Kentucky continued solely as a marketer of petroleum products and did not develop producing or refining facilities of its own (A6). To satisfy its needs, Kentucky purchased from others the products which it marketed. The major portion of these purchases were made from Humble (A6). With minor exceptions, Humble itself did not market petroleum products directly in the five-state area but in effect sold through Kentucky.[2] The relationship of seller and purchaser between Humble and Kentucky, which for a long period was informal, was formalized in a supply contract effective in 1956 (DX 254). In addition, there were three trademark contracts (made in 1934, 1938 and 1955, respectively) in which Humble licensed Kentucky to use ESSO trademarks in marketing designated products purchased from Humble, and in which Kentucky expressly recognized that Humble had the ownership and the right to the exclusive use of the ESSO marks in the five-state area both during and after the termination of the existing supply arrangement. (The trademark contracts are reproduced in the District Court's opinion at C2-C23.)

In 1958 the Government brought a civil antitrust action against Jersey, Humble and Kentucky, attacking the 1956 supply contract and charging a division of territories under Section 1 of the Sherman Act and Section 3 of the Clayton Act (DX 346). In 1961, in the midst of pre-trial discovery proceedings, Kentucky entered into a consent decree with the Government by which it was (a) permitted to merge with Standard Oil Company of California (which became a defendant for purposes of the decree) and (b) required to terminate its 1956 supply contract with Humble and not to purchase designated petroleum products from Humble for marketing in eleven (including the five previ-

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[2]For several years Humble had eight or nine service stations in Louisville, Kentucky, selling under the name "Oklahoma", acquired in a purchase of a group of stations which were principally located outside of the five-state area. (R. 838-39).

ously designated) states (1961 Trade Cas. ¶ 70,037; PX 25; R. 6448-60).[8]

The intent of the Government in entering into the consent decree was expressed by the Attorney General in a press release dated June 5, 1961, in which he stated:

> "Kyso [Kentucky] is a marketing firm and has no production facilities and the merger with Standard of California provides Kyso with a new source of petroleum products.
>
> "It is expected that as a result of the merger Jersey will set up its own marketing system to compete with Kyso in Mississippi, Georgia, Alabama, Florida and Kentucky, Mr. Kennedy said.
>
> * * *
>
> " 'Despite the size of Standard of California', Mr. Kennedy said, 'we have agreed to this judgment and have not opposed the merger because we believe it will stimulate competition. Where we have had one giant, in effect selling through Standard of Kentucky, now we will have two—competing against each other.' "

The Government's intent to stimulate competition was also expressed at the hearing before the District Court in Kentucky on approval of the consent judgment (PX 339).

Within two weeks after this enforced termination of its supply agreement with Kentucky, Humble moved into direct marketing in the five-state area, as the Court of Appeals noted it was expected to do (A7). In doing so, it faced strong, long-entrenched competition from a number of oil companies and particularly from Kentucky itself, which was established as the largest petroleum marketer in the area and whose position had been strengthened still

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[8]Neither Jersey nor Humble was a party to the decree, and the complaint against Jersey and Humble was subsequently dropped (PX 338).

further by its acquisition by California (which, as the Department of Justice's press release pointed out, is the twelfth largest corporation in the nation). By the time this case came to trial about two years later, Humble had managed to win 1.61% of the motor gasoline market, as compared to Kentucky's 14.89% (PX 335).[4]

It was indispensable for Humble to enter the five-state market in a way that would enable it to attract as much public recognition as possible. For these reasons it used its own established and nationally known trademark ESSO, which it had first developed and registered in the '20's (C46), which it had long used in other areas in which it did business, and which was also internationally identified with its affiliates' products.[5] Humble identified its stations by the trademark ESSO and the name "Humble", and made no effort to simulate Kentucky's stations. The word "Standard" appears nowhere on or near any of Humble's service stations. (C65, C102)

Kentucky, in spite of its previous acknowledgment that Humble had the exclusive right to use the ESSO trademark in the five-state area, attempted to head off the competition envisaged by the 1961 consent decree and claimed that Humble's direct marketing in the five-state area under the ESSO trademark constituted unfair competition and an infringement of its own trademark "Standard Oil", the designation borne by Kentucky's stations in the five-state area.

To resolve the issue raised by Kentucky, Humble in 1961 brought the instant action in the District Court for the Southern District of Mississippi seeking a declaration that it was entitled to use its ESSO trademark in the five-

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[4]By the end of 1965, Humble's percentage was 3.48% and Kentucky's was 15.02%.

[5]The mark was registered by Humble in the United States Patent Office and also in the five states, with Kentucky's knowledge and without protest (C85-C90).

state area (R. 5-15). Kentucky counterclaimed for injunctive and other relief on the ground of trademark infringement and unfair competition (R. 17-41). The jurisdiction of the District Court was invoked under 28 U. S. C. § 1332 (diversity of citizenship) and 28 U. S. C. § 1338 (civil action arising under the Lanham Trademark Act of 1946, 15 U. S. C. §§ 1051-1127).

The District Court on March 13, 1964 granted Humble declaratory relief upholding its right to use ESSO in the five-state area and dismissed Kentucky's counterclaim. It held that the trademark contracts recognizing Humble's right to use ESSO were clear and should be enforced and that, in any event, after reviewing the "large amount of testimony along these lines" offered by Kentucky (C61), ESSO was not likely to, and does not in fact, cause actionable confusion with Kentucky's Standard Oil trademarks.

The Fifth Circuit reversed on July 1, 1966. Dismissing the principal trademark contract between the parties as "this somewhat ambiguous document" (A18), it held that Kentucky, like each of the original constituent companies of the Standard Oil Trust, has always had "the sole exclusive right to sell any product that bears the Standard name or cognitive symbol" in its traditional marketing area (A14), that the District Court's findings on lack of "public confusion between Esso and Standard Oil are clearly erroneous" (A7), and that Humble has no right to use its ESSO trademark in "Kentucky's territory" (A18).

At the same time the Court recognized, as acknowledged by Kentucky (C91), that Kentucky itself had no right to use Humble's exclusive mark ESSO in the five-state area or elsewhere (A19).

The respect in which the Court of Appeals found a "high degree of confusion that prevailed in the five-state area" (A7) is significant. The confusion was with "Standard Oil" generally, and not with Standard Oil of Ken-

tucky specifically. The Court expressly recognized that the goodwill in the Standard Oil name has been generated by and is attributable to *all* the Standard Oil companies, not to any one in any place (A13-A16), and that all the Standard Oil companies "must share" the "Standard Oil idea or meaning" (A15). But because the Court thought that "the public believes that all of the pseudonyms for Standard Oil belong to the same or related companies" (A14), it concluded, in the interest of avoiding confusion, to allocate the nationwide, overall Standard Oil idea or prestige, and the "immense value as a marketing aid" (A4) of the Standard Oil name, on a *territorial* basis by giving Kentucky the exclusive right thereto in "Kentucky's territory," and deprived Humble of the use in that area of its own widely known and valuable trademark ESSO because it was deemed indicative of a Standard Oil source.

As indicated in the opinion of the Court of Appeals (A4-A5), this is not the first case in which a dispute has arisen over the use of Standard Oil or cognitives thereof in different parts of the country. None of these decisions has been reviewed by this Court. With two exceptions, the reported cases have arisen between an original Standard Oil company and a company that was seeking to adopt a Standard Oil name in an area where the particular Standard Oil company had long used the name.[6]

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[6] *Standard Oil Co. of Colorado* v. *Standard Oil Co. (of Indiana)*, 72 F. 2d 524 (10th Cir.), *cert. denied*, 293 U. S. 620 (1934); *Standard Oil Co. of New Mexico* v. *Standard Oil Co. of California*, 56 F. 2d 973 (10th Cir. 1932); *Standard Oil Co. of Maine* v. *Standard Oil Co. of New York*, 45 F. 2d 309 (1st Cir. 1930), *affirming* 38 F. 2d 677 (D. Maine 1930); *Esso Standard Oil Co.* v. *Standard Oil of New England*, 170 F. Supp. 71 (D. N. H. 1958); *Esso Standard Oil Co.* v. *Standard Oil Co. of North Carolina*, 112 U. S. P. Q. 265 (M. D. N. C. 1956); *Standard Oil Co. (of Indiana)* v. *Standard Oil of North Dakota*, 123 F. Supp. 227 (D. N. D. 1954); *Esso Standard Oil Co.* v. *Baserman*, 99 F. Supp. 983 (E. D. N. Y. 1951); *Standard Oil Co. (of Indiana)* v. *Michie*, 34 F. 2d 802 (E. D. Mo. 1929).

The first case between original Standard Oil companies over the use of brand names deemed cognitive of Standard Oil arose when Esso, Inc., an affiliate of Jersey, sought in 1935 to market petroleum products under its trademark ESSO in Missouri, one of the states originally assigned by the Standard Oil Trust to Standard Oil Company (Indiana). This effort was met by an injunction action by Standard of Indiana, and in 1938 the Eighth Circuit affirmed the 1937 decree of the Missouri District Court enjoining Esso, Inc. from marketing under the name ESSO in 14 midwestern states. *Esso, Inc.* v. *Standard Oil Co. (of Indiana)*, 98 F. 2d 1 (8th Cir. 1938). There, however, it was found on the basis of the facts then existing (1937), that the name Standard Oil in the 14 states involved meant to the public the Standard Oil Company of Indiana *exclusively*, 98 F. 2d at 7. Since "[t]he only Standard Oil reputation known to the public" in the area involved was "the reputation of the plaintiff [Indiana]," the Court awarded to Indiana the exclusive right to exploit that reputation in that area.[7]

The other litigated controversy between original Standard Oil companies was *Standard Oil Co. (Sohio)* v. *Standard Oil Co. (of Indiana)*, 252 F. 2d 65 (10th Cir.

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[7]In 1963, while the instant action by Humble against Kentucky was pending, Humble moved in the Missouri District Court at the foot of the 1937 decree to modify that decree on the grounds that, as the result of increase in interstate motor travel and other changes in the intervening twenty-six years, the Standard Oil name was no longer attributable in the 14-state area exclusively to Indiana and the decree operated to restrain effective competition. On September 29, 1966, the District Court of Missouri denied Humble's application. It said that Humble stood before the Court of Equity with "unclean hands", and held that relief would be denied on this ground alone, even had Humble met the burden of proof required with clear and convincing evidence, which, the Court said, was not met on any essential contention. *Humble Oil & Refining Co.* v. *American Oil Co.*, 151 U. S. P. Q. 266 (E. D. Mo. 1966). An appeal to the Court of Appeals for the Eighth Circuit from this decision is now pending.

1958).[8] In the *Sohio* case, which the Court of Appeals quoted in its opinion below (A12-A13), it was likewise found that the Standard Oil reputation known to the public in the area involved was *only* that of the plaintiff Indiana. This finding was based on the mutual concession that each party had the right to the exclusive use within "its territory" of the terms "Standard," "Standard Oil" and "Standard Oil Company." 252 F. 2d at 70. Thus the issue presented to the Court was whether "Sohio", as used by defendant within "plaintiff's [Indiana's] territory," was confusingly similar to "Standard Oil" so as to violate Indiana's conceded exclusive right to the use of the Standard Oil name and reputation in that territory. 252 F. 2d at 74. The Court was not asked to determine whether the Standard Oil reputation there was isolated and exclusive to Indiana, and it therefore premised its decision on the assumption that it was. 252 F. 2d at 70.

Although deeming these two decisions controlling, the opinion of the Court of Appeals below clearly discloses that the Court found the basic factual situation now to be vitally different. As is evident from the quotations from the opinion previously given, the Court's conclusion was that, considering *today's* interstate travel, the Standard Oil reputation in the five-state area was *not* the isolated reputation or goodwill of Kentucky alone, but the *overall* Standard Oil idea or prestige, which all the Standard Oil companies must "share". Sharing, however, was not to take

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[8]In 1954 Humble had commenced litigation, to protect ESSO, against Standard Oil Company of Texas, a subsidiary of California, in a United States District Court in Texas. This suit was resolved prior to answer by a stipulation covering the use of ESSO, Standard and other symbols in 9 western states. This stipulation was entered into in the light of the 1938 opinion of the Eighth Circuit which enjoined the use of ESSO in fourteen midwest states. We recognize that the contentions herein made, if upheld, would also affect the validity of that stipulation.

the form of allowing each and every Standard Oil company to use its established trademark in competition anywhere with other Standard Oil companies, but was to take the form of a partitioning of the country and allocation of the "exclusive right" of use of the Standard Oil name, reputation and cognitive symbols to individual companies according to their historical assignment of territory by the Standard Oil Trust.

The Court of Appeals found no conflict between its decision and antitrust law and policy. It said that Humble's contention that the intent of the 1961 consent decree would be violated if the Court prevented its competing with Kentucky under the ESSO name was the same argument that had been rejected in three of the previously cited cases as to the intent of the 1911 dissolution decree (A21-A22).

Reasons for Granting the Writ

The decision below permits a major oil company, under the guise of enforcing asserted trademark rights, to perpetuate the effects of a territorial arrangement among oil companies which this Court has found to be violative of the antitrust laws.

Thus this case presents important questions, not heretofore decided by this Court, of the application of its 1911 decree and of antitrust principles to present day marketing of petroleum products. The questions are akin to those involved in another case presently pending before this Court (*United States* v. *Sealy, Inc.*, No. 9, Oct. Term 1966, probable jurisdiction noted, 382 U. S. 806), regarding the relationship between trademark rights and the antitrust laws. The Court of Appeals decision is at odds with the intent and purpose of the 1961 consent decree, and it also

conflicts in principle with this Court's decision in *United Drug Co.* v. *Theodore Rectanus Co.*, 248 U. S. 90 (1918).

1. It is clear from the Court of Appeals' opinion that the trademark rights which it accorded to Kentucky had their origin in the illegal division of territories adopted by the old Standard Oil Trust and condemned in the 1911 decision of this Court. These practices were described by the Court of Appeals, quoting this Court's 1911 opinion, as follows:

> "The 'system of marketing * * * adopted [by the Standard Oil Trust was one] by which the country was divided into districts and the trade in each district in oil was turned over to a designated [Standard Oil constituent] corporation within the combination, and all others were excluded * * *.' In 1911 the Supreme Court held that the Trust violated the Sherman Antitrust Act and ordered it dissolved. *Standard Oil v. United States*, 221 U. S. 1 (1911)." (A3) (footnote omitted)

The type of territorial allocation by competitors which the Court of Appeals thus described, as this Court has repeatedly recognized, constitutes a *per se* violation of the antitrust laws. *White Motor Co.* v. *United States*, 372 U. S. 253, 259 (1963); *Timken Roller Bearing Co.* v. *United States*, 341 U. S. 593 (1951); *United States* v. *National Lead Co.*, 332 U. S. 319 (1947); *Addyston Pipe & Steel Co.* v. *United States*, 175 U. S. 211 (1899).

In directing the dissolution of the old Standard Oil Trust, following the finding that the activities of the Trust operated to destroy the "potentiality of competition" which otherwise would have existed (221 U. S. at 73-4), it is apparent that this Court intended that the constituent companies, on becoming independent, would begin to com-

pete with each other by breaking loose from the areas to which the Trust had unlawfully confined them and by expanding into the others' formerly exclusive territories.

The decision below is contrary to this intent. The Court of Appeals held that upon dissolution of the Trust each of the constituent companies could appropriate to itself exclusively, within the territory to which it had originally been assigned, all of the goodwill attached to the Standard Oil name and trademarks:

> "Under the method of operation employed by the Trust before 1911, Standard Oil of Kentucky had the exclusive common-law right to use the Standard name and marks within its five-state area just as Standard Oil of New Jersey had the exclusive right to use the Standard name and marks in its area. After the dissolution of the Trust, each of the original subsidiaries retained its respective exclusive right." (A3-A4) (footnote omitted).

Thus the basic premise of the decision below is that in the five-state area Kentucky has had the exclusive right to the Standard Oil name and marks since the use of that name first began, and that Kentucky can therefore prevent Humble from competing in the five-state area under its own valid and widely known trademark ESSO which it uses in that area only in conjunction with its own name Humble. The Court of Appeals granted Kentucky this right even though ESSO is a trademark that Kentucky admittedly cannot claim, and that the Court described as a "coined word without inherent meaning" (A13). The Court nevertheless prohibited Humble from using ESSO in the five-state area on the theory that ESSO is a "cognitive" or "pseudonym" of Standard Oil.

The Court was not thereby according to Kentucky the protection of any name or goodwill that it had created,

but rather was allocating to Kentucky a territorial monopoly of the "nationwide reputation" of "Standard Oil," that had been established as early as 1899, when "Standard Oil was the dominant name in the American oil industry," and that had been built by the national advertising and high quality products of all the Standard Oil companies (A2-A3).

The holding that each of the original Standard Oil subsidiaries "had" and "retained" in its previously assigned territory an "exclusive right" to "the immense value" of the nationally known Standard Oil name, to the point of being entitled to exclude in "its territory" the use by any other Standard Oil company of any name suggestive of a Standard Oil source of supply, frustrates the intent of this Court's 1911 decree and confers upon Kentucky in this case an extraordinary and illegal competitive advantage.

By the same token, in barring Humble from marketing its products in the five-state area under its established and best known trademark, the Court of Appeals unmistakably deprives Humble of a significant means of effective competition in those states.

Employment of an established and readily recognized trademark is virtually indispensable to an oil company in a day when so many motorists are travelling across state lines or in unfamiliar territory and rely on known trademarks as their assurance of quality of product and service. A person driving from New York to Florida, for example, is much more likely to stop at the well known ESSO sign than at a station bearing a merely regional trademark. Whatever its other resources, a company which lacks an established trademark is at a serious competitive disadvantage. Even if this disadvantage can eventually be surmounted, the time, effort and expense that would be required to promote broad public recognition of a newly coined trademark may deter it from entering the market or prevent

it from providing competition to the extent it otherwise could.

These essentials of effective competition assume particular importance in this case because the specific purpose of the Government in approving the acquisition of Kentucky by California in 1961 and dissolving the relationship between Humble and Kentucky was to create competition between two "giants" by inducing Humble to establish, as it did, its own marketing system in the five-state area.[9] Competition between "giants" means that each will devote its resources to the competition, not that one will be handicapped by being deprived of its identifying trademark and the other given the immense advantage of the exclusive right to use a national name and reputation that belong as much to the one as to the other. By enjoining Humble from marketing under its own ESSO banner, the Court of Appeals has frustrated the intent of the 1961 decree.

That the shift from supplying Kentucky to competing with Kentucky by direct marketing in the five-state area would mean, as reality would require, that Humble would use ESSO in those states, rather than have it lost to the market, was presaged by the trademark agreements between the parties. Kentucky expressly recognized Humble's right to the use of the ESSO name in direct marketing in the five-state area upon the termination of Kentucky's distributorship of Humble's products.

While these clear agreements were in accord with the intent of this Court's 1911 decree, in the light of which they should be read, the Court of Appeals chose to read them in the light of its *a priori* determination that Kentucky always had the exclusive right to the use in "its territory" of any name deemed in any way suggestive of any Standard Oil

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[9] At the time this case went to trial, over 776 ESSO stations were in operation, "and their proliferation has not ceased" (A7).

source, to the conclusion that it is "inconceivable to us" that Kentucky would have given up by contract the right the Court thus decided it had (A19-A20).

In awarding Kentucky the perpetual monopoly of the goodwill of the Standard Oil name within the five-state area and eliminating ESSO from the market, the Court of Appeals' decision has defeated the design of the 1961 decree, gone counter to the 1911 decree and raised barriers to competition which are anathema to antitrust policies.

2. The competitive barriers set up by the Court of Appeals cannot be justified as an appropriate means to protect alleged trademark rights in the name Standard Oil. In the course of overturning the District Court's finding that ESSO did not cause public confusion with Standard or Standard Oil or other marks used by Kentucky in the five-state area (A17), the Court of Appeals also found that, under present conditions of interstate motor travel, the public goodwill that stems from Standard or Standard Oil is derived from the nationwide prestige of *all* Standard Oil companies (A5, A14).

In the circumstances, there should be no room for a holding that, as a matter of trademark protection, the entire goodwill in Standard or Standard Oil should be allocated to Kentucky in five states and the area barred to the marks of other Standard Oil companies that properly identify and distinguish the source of supply.

Since the goodwill as found by the Court is not specifically that of Kentucky, the Court's award to Kentucky of a territorial monopoly in the exploitation of the goodwill in the name Standard Oil is inconsistent with this Court's holdings in *United Drug Co.* v. *Theodore Rectanus Co.*, 248 U. S. 90 (1918), that "its [the trademark's] function is simply to designate the goods as the product of a *particular*

trader and to protect *his* good will against the sale of another's product as his", and that "a trade-mark confers no monopoly whatever in a proper sense, but is merely a convenient means for facilitating the *protection of one's good will* in trade by placing a distinguishing mark or symbol—a commercial signature—upon the merchandise or the package in which it is sold." 248 U.S. at 97, 98 (italics supplied).

Even as a matter of trademark law alone, therefore, the rights given Kentucky by the Court of Appeals cannot be justified. It is clear in any event that trademark claims must give way when, as here, they come into conflict with the federal policy represented by the antitrust laws. As this Court recently observed, "the antitrust laws represent a fundamental national economic policy." *Carnation Co.* v. *Pacific Westbound Conference,* 383 U. S. 213, 218 (1966). The Lanham Act specifies that a trademark may not be "used to violate the antitrust laws of the United States," 15 U. S. C. § 1115(b)(7), and this Court has specifically held that trademarks may not be used as a device for effecting a division of territories among competitors. *Timken Roller Bearing Co.* v. *United States,* 341 U. S. 593, 598-99 (1951).

We submit that the Court of Appeals' decision that territorial restrictions are appropriate in a case such as this is very wrong. If, as the Court of Appeals found, the reputation and goodwill associated with Standard Oil are not separate and distinct by territorial confines, the various original Standard Oil companies could not agree on the territories in which each may use names cognitive of Standard Oil. The Court should not decree the same effect that such agreements would have.

3. Nor can a modicum of possible or inevitable confusion, arising from the fact of the existence of several separate Standard Oil companies, justifiably be made an

occasion for an agreed or decreed territorialization of the companies' operations or use of marks cognitive of Standard Oil. Surely, the purposes of the 1911 dissolution decree and the 1961 consent decree can be accomplished and, at the same time, the legitimate aims of trademark protection can be achieved. Neither goal can be reached by the kind of drastic restriction on effective competition that the Court of Appeals' decision has imposed. The Court of Appeals' decision not only subverts the decrees, but increases the possibility that the motoring public may be misled into believing that "all the pseudonyms for Standard Oil belong to the same or related companies." Territorialization of exclusive rights in the Standard name and any cognitive of Standard Oil—one company to one place—fosters the belief of a common identity that is dispelled by competition.

Nor is the Court of Appeals' assumption as to the public belief justified. The public surely knows that there are a number of Standard Oil companies. If some portion of the public is under the misconception that all such companies are "related," that misconception should be corrected by requiring due identification of seller and product, not by fettering competition among Standard Oil companies and creating regional monopolies in names and symbols in any way suggestive of a Standard Oil source.

The nature and extent of the public confusion found by the Court of Appeals is certainly not so profound or so widespread as to require the extreme remedy the Court has applied. Humble uses ESSO for marketing in the five-state area in connection only with the Humble name and without any reference to Standard Oil, the name used by Kentucky in that area in connection with its marketing of "Crown" gasoline (C65, C102). Whatever the relation of ESSO to the letters S.O. or to Standard Oil at the time that it was developed and thereafter, the trade-

mark ESSO now is, and for several years has been, identified to the motoring public as connected only with Humble.

Moreover, in much of the country coined words which contain among others the letters S.O.—such as ESSO, SOCONY (Standard Oil Company of New York) and CALSO (California Standard Oil)—have been concurrently and competitively used by unaffiliated original Standard Oil Companies (C110-C111).

In light of these facts, such public confusion as may exist—and we emphasize again that the District Court found that there was no actionable confusion—may be dealt with by reasonable measures. There is no need for the kind of blunderbuss remedy which purports to cure confusion at the price of destroying competition, by granting Kentucky in five states the exclusive right to a goodwill and national reputation that belong as much to all other Standard Oil companies.

We therefore submit that this Court, by reason of the overriding policy of the antitrust laws, should disavow the doctrine that each of the original Standard Oil companies has an exclusive territorial right in the Standard Oil name and reputation, with the right to enjoin the use in its historical area by other Standard Oil companies of any words or symbols that might be deemed a cognitive of any Standard Oil company. A requirement of specific and proper identification, rather than prohibition, is the appropriate means of protecting trademark rights without sacrificing basic antitrust principles.

Analogy is found in this Court's establishment of the appropriate relationship between the principles of the patent laws and principles of unfair competition. In *Sears, Roebuck & Co.* v. *Stiffel Co.*, 376 U. S. 225 (1964), this Court held that the State law of unfair competition could not be used to enjoin copying which was not unlawful under the

Federal patent laws, since this would contravene the overriding policy of the Federal patent laws to preserve free competion while at the same time promoting invention. The Court recognized that "there could be 'confusion' as to who had manufactured" two nearly identical articles, one of which was copied from the other, but pointed out the solution:

> "Doubtless a State may, in appropriate circumstances, require that goods, whether patented or unpatented, be labeled or that other precautionary steps be taken to prevent customers from being misled as to the source, just as it may protect businesses in the use of their trademarks, labels, or distinctive dress in the packaging of goods so as to prevent others, by imitating such markings, from misleading purchasers as to the source of the goods." 376 U. S. at 232 (footnote omitted)

See also *Compco Corp.* v. *Day-Brite Lighting, Inc.*, 376 U. S. 234 (1964).

Similarly, here, appropriate identification can be directed to prevent customers from being misled as to the source of petroleum products sold at service stations by the original Standard Oil companies or their authorized dealers. It is not at all necessary or appropriate in order to avoid possible confusion to abort the competition that the 1911 and 1961 decrees were designed to create.

4. This case presents an issue which is akin to that in *United States* v. *Sealy, Inc.*, No. 9, Oct. Term, 1966 (probable jurisdiction noted, 382 U. S. 806). That case involves the legality of an arrangement whereby competing manufacturers sell bedding under the nationally advertised Sealy trademark in mutally exclusive territories. The Gov-

vernment, challenging in this Court the holding below that the restrictions contained in the licenses are merely ancillary to the proper exploitation of the Sealy trademark, contends that the arrangement amounts to a territorial division which is illegal *per se* under the antitrust laws.

The instant case likewise presents, in a different context, basic questions of the validity of a judicial decision that permits and enforces territorial allocations of the right of exploiting a single national reputation.

Conclusion

This case presents important and substantial questions of the administration and application of antitrust principles in the use of trademarks which this Court ought to review.

Certiorari should be granted.

Respectfully submitted,

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November 10, 1966

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Appendix A

Opinion of Court of Appeals Filed July 1, 1966

IN THE

United States Court of Appeals

FOR THE FIFTH CIRCUIT

No. 21674

STANDARD OIL COMPANY (KENTUCKY),
Appellant,

versus

HUMBLE OIL & REFINING COMPANY,
Appellee.

Appeal from the United States District Court for the Southern District of Mississippi.

(July 1, 1966.)

Before RIVES and THORNBERRY, Circuit Judges, and GARZA, District Judge.

RIVES, Circuit Judge: The Humble Oil & Refining Company is a wholly-owned subsidiary of Standard Oil Company of New Jersey.[1] Humble sought a

[1] In this opinion Humble will be used to include its predecessor Standard Oil of New Jersey, a Delaware corporation, as well as Standard Oil of New Jersey, a New Jersey corporation which is its current parent.

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declaratory judgment against Standard Oil of Kentucky[2] allowing Humble to use its Esso trademark in the five-state area[3] historically inhabited by Kentucky. Kentucky counterclaimed seeking to prevent the use by Humble of the Esso trademark or tradename in its area.[4] Two basic issues are raised. First, would Humble be guilty of unfair competition if it used the Esso mark in Kentucky's area? Second, has Kentucky through previous contracts given up its right, if any, to prevent the use by Humble of the Esso mark and name?

The district court found that Kentucky had contracted away its rights and entered a judgment for Humble. We reverse.

I.

To understand the unique problems engendered by the Standard Oil name and reputation, it is necessary to understand the history of that name. What came to be known as the Standard Oil Trust[5] began its growth in 1870. By 1899 Standard Oil was the

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[2] Hereafter Kentucky.

[3] The five states in which Kentucky has had the exclusive right to the Standard Oil name since the use of that name first began are Kentucky, Mississippi, Alabama, Georgia and Florida.

[4] Gasoline stations are principally recognized by the ID or identification signs placed close to the roadside. The major complaint in this case is that Humble uses Esso ID signs as well as prominently displays the Esso name on and around its stations and station sites.

[5] Hereafter referred to as the Trust. As used in this opinion, the term Trust refers to Standard Oil of New Jersey during the period when it or its predecessors controlled all the other Standard Oil Companies; i.e., before 1911.

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dominant name in the American oil industry. A holding company, Standard Oil of New Jersey, was formed, and through it the vast Standard Oil holdings were controlled after 1899.[6] Through extensive national advertising and high quality products, Standard Oil achieved a nationwide reputation for excellence.

The "system of marketing * * * adopted [by the Standard Oil Trust was one] by which the country was divided into districts and the trade in each district in oil was turned over to a designated [Standard Oil constituent] corporation within the combination, and all others were excluded * * *."[7] In 1911 the Supreme Court held that the Trust violated the Sherman Antitrust Act and ordered it dissolved. *Standard Oil v. United States*, 221 U.S. 1 (1911).

Under the method of operation employed by the Trust before 1911, Standard Oil of Kentucky had the exclusive common-law right to use the Standard name and marks within its five-state area just as Standard Oil of New Jersey had the exclusive right to use the Standard name and marks in its area.[8]

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[6] Originally the Standard Oil holdings were controlled through Standard Oil of Ohio but, because of problems with the State of Ohio, control was passed to Standard Oil of New Jersey. For a brief history of the Trust, see Standard Oil v. United States, cited *infra* n. 7.

[7] Standard Oil v. United States, 221 U.S. 1 (1911) at 77.

[8] The area of Standard Oil of New Jersey separates the State of Kentucky from the remaining states belonging to Kentucky's trade area. New Jersey's trade area is comprised of Pennsylvania, West Virginia, Maryland, Delaware, Virginia, Arkansas, Tennessee, North and South Carolina, Louisiana, and today includes part of Texas. Standard Oil of New York originally had the exclusive right to the Standard name in

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After the dissolution of the Trust, each of the original subsidiaries retained its respective exclusive right.

In 1927 Standard Oil of New Jersey (a New Jersey corporation) transferred its marketing operations to a subsidiary Standard Oil of New Jersey (a Delaware corporation). The Delaware corporation later changed its name to Esso Standard Oil Company and was so known from 1948 until 1960. In that year Esso Standard Oil became part of Humble.

The Standard Oil name has immense value as a marketing aid and has been the subject of numerous suits over who has the right to use it in a given territory. Until this case was decided by the court below, all of the reported cases had a single common denominator: the right to use the Standard Oil name and reputation belonged exclusively to the local Standard Oil company that first inhabited the trade area.[9] *Standard Oil Company (Sohio) v. Standard Oil Company (of Indiana)*, 252 F.2d 65 (10 Cir. 1958); *Esso v. Standard Oil Co. (of Indiana)*, 98 F.2d 1 (8 Cir. 1938); *Standard Oil Co. of Colorado v. Standard*

New York, Vermont, Massachusetts, Connecticut, Rhode Island, and Maine. However, since Standard Oil of New York (SOCONY) now uses the SOCONY Mobil or Mobil name and the flying red horse symbol, the Esso trademark of Standard of New Jersey has been used freely in the New England area as well as in its original trade area.

[9] Because the first Standard Oil company in a given trade area can exclude the others from using the Standard name in that area, the various companies have adopted different marketing names for national use. Esso uses its Humble or Enco name; Standard of Indiana uses its oval and torch with the American or Amaco name; Standard of California uses its chevron mark with the Chevron name; Standard Oil of Ohio uses such names as Fleetwing.

Oil Co. (of Indiana), 72 F.2d 524 (10 Cir. 1934), *cert. den.*, 293 U.S. 620; *Standard Oil Co. of New Mexico v. Standard Oil Co. of California*, 56 F.2d 973 (10 Cir. 1932); *Standard Oil Co. of Maine v. Standard Oil Co. of New York*, 45 F.2d 309 (1 Cir. 1930); *Esso Standard Oil Co. v. Standard Oil of New England*, 170 F.Supp. 71 (D. N.H. 1958); *Standard Oil Co. (of Indiana) v. Standard Oil of North Dakota*, 123 F.Supp. 227 (D. N.D. 1954); *Esso Standard Oil Co. v. Bazerman*, 99 F.Supp. 983 (E.D. N.Y. 1951); *Standard Oil of New York v. Standard Oil of Maine*, 38 F.2d 677 (D. Maine 1930), *aff'd, supra*, 45 F.2d 309; *Standard Oil Co. (of Indiana) v. Michie*, 34 F.2d 802 (E.D. Mo. 1929).

Prior to the dissolution of the Trust in 1911 and after the creation of the several entirely separate companies, with each one operating under the same name in different geographic areas of the United States, some of the companies adopted various pseudonyms for Standard Oil. Thus we find Standard Oil referred to as the "SO Company,"[10] "SO Co.," "SOHIO,"[11] "KYSO,"[12] "SOCONY,"[13] "CALSO,"[14] and "ESSO."[15] The public generally has come to associate all of these names with the prestige of Standard Oil.

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[10] SO standing for Standard Oil was used in varying degrees by all of the Standard Oil companies and had been used nationally by the Trust.

[11] Used by Standard Oil of Ohio.

[12] Used by Kentucky Standard Oil.

[13] Used by Standard Oil Company of New York.

[14] Used by California Standard Oil.

[15] ESSO comes from S.O.

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Until recently Humble made no attempt to independently enter the marketing area of Kentucky. This may be attributed to the long history of friendly relations between the two companies and Kentucky's unusual position in the oil industry. Unlike other major oil companies, including the numerous Standard Oil companies, Kentucky was not a vertically integrated company. By that we mean Kentucky did not produce and refine its own crude oil but restricted its operations to the marketing level. Prior to the dissolution of the Trust, Kentucky received its products from Standard Oil of New Jersey. Following the dissolution Kentucky continued through successive supply contracts to receive the majority of its requirements through the Standard of New Jersey family of corporations.

In 1958 the United States brought an antitrust suit against Kentucky and Humble[16] in an effort to dissolve this relationship and compel competition. Kentucky then explored the possibility of merging with Humble. But this, in the opinion of Humble, was not possible under the antitrust laws. Therefore, in 1960 Kentucky turned its attention to the possibility of merging with Standard of California, thus insuring that its source of supply would not be cut off or become dependent on a competitor. In 1961 the Government approved the merger with California and a consent decree in the case against Kentucky and

[16] See n. 1, *supra*.

Humble was entered.[17] It was only natural that, with its access to the lucrative five-state market through Kentucky impaired, Humble should enter the market itself.

Nine days after the consent decree in the antitrust suit was entered, Humble opened its first Esso station in the five-state area. At the time this case went to trial, over 776 Esso stations were in operation and their proliferation has not ceased.

It is difficult to discern whether the district court held that absent the contractual relationship of the parties, Humble could have entered the five-state area using the Esso name. If the district court so held it was plainly wrong. The court below made numerous findings of fact, some of which are conflicting, as well as detailed findings of law. The factual findings are so interwoven with the district court's contract theory, it is impossible to believe that they were meant to apply to the issue of unfair competition taken alone. If they were, we hold that the findings on such issues as public confusion between Esso and Standard Oil are clearly erroneous.

The record in this case reveals the high degree of confusion that prevailed in the five-state area. In advertising a new subdivision in Mississippi, it was

[17] See 1961 CCH Trade Cases ¶70,037 (W.D. Ky. 1961) (Case No. 1425). Under the decree, Kentucky was to terminate its supply arrangement with Humble during a 5-year tapering off period. In addition, Kentucky agreed to purchase at least 40% of its needs from "independent" suppliers until 1976. In the oil industry the term independent refers to non-major or non-name brand oil companies.

proudly proclaimed that the subdivision was near "the new $175,000,000 Esso plant at Pascagoula." The only error in this full page ad was that the plant belonged to Kentucky, not Humble. The State Times newspaper in Jackson, Mississippi, printed an article on why Kentucky chose Mississippi over Louisiana for its new plant. Titling the article, which discussed a letter from Kentucky Standard's president, the newspaper gratuitously added this touch, "Letter Tells Why Esso Chose State."[18] The record recounts many more occasions where announcers or newsmen made similar mistakes, not realizing Esso did not mean Standard—that is, Standard of Kentucky. But these mistakes merely reflect the general confusion on this score.

Kentucky received both complaints and accolades intended for Humble's Esso stations. Job applicants called them seeking employment at Esso stations. Esso's merchandise was sometimes misdelivered to Kentucky. Patrons attempted to register for Esso contests or asked for prizes offered by Esso at Kentucky's service stations.[19] Many of Kentucky's pa-

[18] In attempting to derogate the value of this news article and like evidence, Humble refers to them as "similar isolated errors" and castigates Kentucky by saying, "Appellant has failed to mention that, by the second or morning edition of that same paper, this obvious error had been corrected." The error was not so obvious that it was caught before the evening or first edition of the paper. Its evidentiary value lies in the fact that it happened at all, not that at some point either through outside intervention or otherwise it was corrected.

[19] Again, the importance of this type of evidence lies in the fact that it happened and is not mitigated because it is characterized by Humble as mainly hearsay.

trons used their credit cards at Esso stations believing they were affiliated with Kentucky. Esso kept a record of some of these persons and at an opportune time sent them Esso credit cards. Many persons, thinking Esso and Standard were the same, destroyed their old Kentucky credit cards believing the new Esso cards had replaced them.

Upon receiving two separate bills, one from Esso and one from Kentucky, many of Kentucky's customers attempted to pay both with a single check or complained about the dual billing. The list of Esso's bills for work or services provided to Humble, or letters, wires and checks intended for Humble, which were mistakenly sent to Kentucky included items from such companies and organizations as Westinghouse Corporation, Sinclair Refining Company, the Admiral Semmes Hotel, the Savannah Chamber of Commerce, and the Better Business Division of the Miami-Dade County Chamber of Commerce. Numerous patrons from all walks of life and all levels of our variegated society frequented Esso stations, believing that they were either owned by or in some way affiliated with Kentucky.[20] A survey

[20] Humble characterizes these witnesses as careless and meaningless because often they did not recall such things as the trade dress or color scheme of their local Standard station, or because they did not recall the name of the gasoline Standard Oil sold, i.e., Crown or Esso. The truth is that these failures of observation and recollection merely serve to emphasize that it is the "ID" sign or name of the station that motivates the patron's choice. If he believes Esso means Standard and so drives into an Esso station, it seems of little consequence that he believes that he is getting a Standard Oil gasoline product, whether the gasoline dispensed is Esso, Crown or even Chevron. It is this characteristic common to many gasoline consumers that motivated Esso to institute the declaratory judgment suit in the first place, and that motivated Kentucky to resist so vigorously.

conducted in the five-state area also showed confusion, although the method of conducting this survey is open to great criticism.

While we hold that the district court's findings of no confusion are clearly erroneous as factual findings, we doubt whether the district court actually made findings which were intended to operate independently of its contract theory. The district court went to great lengths to explain why the confusion engendered by Esso's entry into Kentucky's trade area resulted from causes that excused Humble from being held accountable. *As a factual matter* there was confusion, whether its origin was such as would justify the court in allowing Humble to benefit by that confusion *is the question of law* which we must decide in this opinion.

Moreover, in deciding whether there was confusion between Esso Stations and Kentucky stations, the district court disparaged the similarity in sound between the pronunciation of Esso and SO and noted the dissimilarity in the appearance of their respective signs. The court said (229 F.Supp. at 626-27):

> "While there is some phonetic similarity between the words ESSO and the trademark S.O., yet the sound when pronounced is not entirely the same. In pronouncing the word ESSO emphasis is on the 'ES' and it has a different sound from that when pronounc-

> ing or speaking the trademark S.O. or SO, and in looking at them, there is no similarity. The photographs show clearly that a motorist exercising a slight degree of observation can see the STANDARD OIL sign and realize that it is the Standard Oil sign. If he sees the ESSO sign and is really looking for a Standard Oil station, by reasonable observation, as he drives to the station, he readily can see that it is a Humble station and should not be confused."

Other courts have been unable to hear a difference between pronouncing "Esso" and SO. *Esso v. Standard Oil Co. (of Indiana)*, 98 F.2d 1 (8 Cir. 1938), at 5. This was emphasized to us by the fact that at oral argument this Court had to constantly interrupt counsel and ascertain which word he was pronouncing. What is more important is that as a matter of law the district court misconstrued the test of public confusion. The test is not whether an ordinary buyer can on normal inspection tell that "Esso" as shown on the signs looks different from "Standard" or "Standard Oil" when shown on the signs. Rather the test is whether some normally intelligent buyers think that "Esso" is another name for Standard Oil or think it is in fact a Standard Oil designation, and therefore, believe Esso stations are Standard Oil stations.

The Tenth Circuit clearly and correctly stated the test when it found that "Sohio" caused confusion with

"Standard" as used by Standard Oil of Indiana. The court there said [*Standard Oil Co. (Sohio) v. Standard Oil Company (of Indiana)*, 252 F.2d 65 (10 Cir. 1958) at 73-74]:

> "While in some cases, particularly those involving labels, the question of confusing similarity may be determined by visual observation of the words, signs, or symbols involved, the test is not solely such a 'juxtapositional comparison.' The setting in which the designations are used must be considered. As said in Avrick, supra [Avrick v. Rockmont Envelope Co., 10 Cir., 1946], 155 F.2d at pages 572-573:
>
> > " 'It is the total effect produced by the designation in the mind of the ordinary purchaser, exercising due care in the market place.'
>
> "The parties to this case are engaged in identical enterprises, the production, transportation, manufacture and sale of petroleum products. They draw their customers from the same sources. They compete openly and vigorously for business, using similar sales and publicity methods to appeal to the habits of the ordinary consumer. In such activities they must not compete unfairly or infringe upon the rights of the other.
>
> "Infringement is not to be determined on the basis of the words or symbols themselves to the exclusion of other considerations. It is

not necessary for similarity to go only to the eye or the ear for there to be infringement. The use of a designation which causes confusion because it conveys the same idea, or stimulates the same mental reaction, or has the same meaning is enjoined on the same basis as where the similarity goes to the eye or the ear. Confusion of origin of goods may be caused alone by confusing similarity in the meaning of the designations employed. The whole background of the case must be considered.

"The real issue is whether the use of 'Sohio' in plaintiff's territory has the 'total effect' of creating 'in the mind of the ordinary purchaser, exercising due care in the market place' the idea that the products marketed under that sign are 'Standard Oil' products. If it does, then there is infringement and unfair competition, as the only 'Standard Oil' reputation known to the public in the area involved is the reputation of the plaintiff."

Esso, like Sohio, is a coined word without inherent meaning. Sohio derives meaning from its relation to SO Ohio or Standard Oil of Ohio, and Esso derives its meaning from SO or Standard Oil. In the petroleum world and to the public each means and has its real value in meaning the products purchased here are Standard Oil products.

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In 1958 Standard Oil of New England defended a suit on the ground that Esso by using that name had abandoned the Standard Oil name. As Esso so clearly proved, the "mark 'Esso' itself in the minds of the public represents the abbreviation of the words 'Standard Oil'* * *." *Esso Standard Oil Co. v. Standard Oil Co. of New England*, 170 F.Supp. 71 (D. N.H. 1958); at 73. Of course, in that case the shoe was on the other foot and Esso was the one seeking to exclude others from its territory. Considering the long history of Standard Oil litigation and today's interstate motor travel, we think long cumbersome records are no longer necessary to prove the public believes that all of the pseudonyms for Standard Oil belong to the same or related companies.

This case is a striking example of how the general public is confused. The record is replete with instances of confusion and any finding to the contrary would have to be held clearly erroneous.

Humble argues that Kentucky added to this confusion by for many years selling and advertising Esso products. The distributorship ended, Humble now stands ready to claim its accumulated good will. Why, it asks, is this any different than Joe's service station which sold Shell gasoline and now wishes to exclude Shell from its territory? This argument overlooks the fact that Standard Oil of Kentucky has always had the sole exclusive right to sell any product that bears the Standard name or cognitive symbol in the five-state area. Esso prod-

ucts could not have been sold or distributed at any time in the five-state area by anyone except by permission of Kentucky.[21] Thus, if Esso products gained any additional good will by being distributed here by Standard stations, it gained the good will that belonged to Kentucky and which Kentucky alone always had a right to have. For the good will gained was not as to Esso but as to a Standard Oil product.

Since Standard Oil of New Jersey took the Esso mark first, it gained the exclusive right to the mark but not the exclusive right to its meaning. This is no different from the mark of Standard Oil of Indiana—the oval and torch with "Standard" on it. They alone may use the mark but they must share its Standard Oil idea or meaning with all the other Standard companies. The sale of Esso products by Kentucky may have generated the public recognition of the symbol, but it did not generate its mean-

[21] During the period before the antitrust suit that ended their close relationship, Humble was more than happy to have Kentucky associate the Esso name with the Standard Oil aura of superiority. Esso products gained their wide acceptance in the five-state area because they were sold by Standard Oil of Kentucky. Humble or its predecessors spent large sums on advertising and urged Kentucky to do the same. The point of this advertising was to link Esso products with Standard Oil and with Standard Oil of Kentucky. This case represents the usual distributorship situation in reverse. Generally, a distributor benefits from having his name linked to the nationally-known brand name he is distributing. Here, Esso products benefited from the nationally-known brand name of its distributor, the only company that could rightfully use Standard Oil or its cognitive symbol in the five-state area. Since Humble participated in making sure the public in the five-state area knew Esso meant Standard, they cannot now stand by and claim to be blameless. Unlike other distributorships, the value of this association derived from the fact that Esso meant Standard Oil and was to be distributed by a Standard Oil company, i.e., Kentucky.

ing. That meaning Esso always had, for, as the alter ego for the letters SO, it always has meant Standard Oil.

Humble has also done its share to see that the relationship between Esso and Standard was not hidden from the motorists of the five-state area. Travelers from Mississippi, Alabama, Georgia and Kentucky on their way through Tennessee, for example, were greeted with billboards declaring "Welcome to Tennessee where Esso means Standard Oil." And Esso radio and television advertising inevitably spilled over from its areas into the five-state area telling listeners that Esso means Standard Oil.

Therefore, whatever value Esso as a name now has is derived not from the fact that motorists believe its products are produced by Esso, but because the motorists believe Esso products are produced by Standard Oil, or at the very least by one of the Standard Oil companies. In the five-state area only Kentucky has the right to business based on the good will of Standard Oil. See, for example, *Esso v. Standard Oil Co. (of Indiana)*, 98 F.2d (8 Cir. 1938), at 4, 7 (where it was held that Esso's use of the words "Not connected with Standard Oil Company (of Indiana)" in its advertising, and even the use of such phrases in pamphlets distributed by it, was not sufficient to avoid confusion because the public believes there is a connection between all the Standard Oil companies).

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We, therefore, hold that the record in this case clearly and repeatedly shows the profound confusion caused by Humble's use of the Esso mark in the five-state area. We further hold that any factual findings to the contrary made by the district court were either clearly erroneous or resulted from a misunderstanding of the law which caused the district court to test for confusion by an improper standard. Unless Humble has some rights conferred by its contractual relationship to Kentucky, its use of the cognitive Standard Oil symbol "Esso" constitutes unfair competition and must be enjoined.

II.

Three contracts between Kentucky and the Standard Oil of New Jersey family of corporations have a bearing on this litigation. The first contract was executed on March 24, 1934 between Kentucky and Penola, Inc., a member of the Standard Oil of New Jersey family of corporations. It designated Kentucky as the sole distributor in the five-state area of Esso marine lubricants and other petroleum products supplied by or under authority of Penola.

The second contract was executed on September 15, 1938 between Kentucky and Standard Oil of New Jersey. It granted Kentucky the privilege of using the trademark Essotane in the five-state area.

The last contract, and the one with which we must be chiefly concerned here, was executed on Janu-

ary 27, 1955,[22] between Kentucky and Esso Standard Oil, being titled a "TRADEMARK LICENSE AGREEMENT." The district court found that by this contract Kentucky gave up all of its rights to exclude Humble from using its Esso mark in the five-state area.

While the court below applied intelligent and proper legal standards to the construction of this contract, we cannot escape the conclusion that it erred in its interpretation of this somewhat ambiguous document. The contract negotiations were entered into at a time when Kentucky was about to start canning motor oil supplied in bulk to it by Esso in cans displaying the Esso mark. Esso was clearly and properly concerned that, if it did not obtain some form of written agreement, it might lose its rights in the Esso mark at least in the five-state area.

For example, at some future date Kentucky might obtain oil from another source and place it in cans saying "S.O." or "Esso" but not using Esso's exact mark or color scheme. Instead of a script Esso in an oval, Kentucky might use its own bar and half circle with a block Esso mark. To preserve its rights in its Esso mark, both regionally and nationally, Esso, therefore, sought a written agreement. There is no testimony that anyone at the time the contract was executed conceived of Esso coming into Kentucky's territory and selling Esso gasoline in Esso stations independently of Kentucky.

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[22] This contract is set forth verbatim in the opinion of the district court at 229 F.Supp. at pp. 590-600.

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The contract itself is not directed to Esso's right to independently sell under the Esso name, but speaks of setting "forth specifically the terms and conditions *governing KENTUCKY'S use of* these Esso Standard trade marks" as "*used* hereafter *by KENTUCKY in connection with products supplied by* or on behalf of *ESSO STANDARD.*" (Emphasis added.) What the contract was intended to do, and did, was to declare Kentucky's rights to use the Esso mark and prevent Kentucky from appropriating that mark to its own use and benefit. Nowhere did it give Esso the right to enter the five-state market under the Esso name. What it did reserve for Esso is the right that if anyone uses the Esso name in the five-state area it must either be Esso or by permission of Esso.

In this litigation Kentucky does not ask the right to use the Esso mark in the five-state area. This right Kentucky effectively surrendered when it agreed by contract that Esso had the "exclusive right to the use of these Esso Standard trade marks in the States of Alabama, Florida, Georgia, Kentucky and Mississippi." What Kentucky asks is that no other person, including Esso, be allowed to use the Esso mark in the five-state area because it confuses the public. This right, to be the only Standard Oil company using the Standard Oil name in the five-state area, Kentucky did not surrender by the 1955 contract.

It is inconceivable to us that Kentucky would give up the valuable right to be the only Standard Oil

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Company using the Standard Oil name in the five-state area without having specifically discussed such a concession at the negotiation stage or having made it crystal clear in the contract. In effect, such an agreement would not be a license running to Kentucky but a license running to Esso, and would have been contracted for in entirely different terms than the agreement here under consideration.

To say that the management of Kentucky was astonished by Humble's bold assertion that this contract gave it the right independently to enter Kentucky's market under the Esso name would be a masterpiece of understatement. It is probably accurate to say that the only reason Esso had not entered this market before 1961 under the Esso name, eliminating the need to share the profits generated by the Standard Oil reputation with Kentucky, a non-producing marketer, was the fact that it knew Kentucky alone had the right to draw on the Standard Oil magnetism. In 1958, for example, Humble had used the Esso mark on cans of FLIT insecticide marketed in the five-state area independently of Kentucky. When Kentucky objected, Humble withdrew its corporate qualification of "Esso, Inc." in each of the five states in Kentucky's area and discontinued using "Esso" on its FLIT packages or advertising.

At one time Humble began to print "Humble Oil & Refining Company" on cans of Esso motor oil shipped into Kentucky's area. In this way Humble hoped to

identify its name rather than Standard Oil's name with Esso. Realizing that some day it might have to compete with Humble, Kentucky objected and this practice was discontinued. Thus it would seem that, until 1961 when the consent decree spurred a search for new meaning in an old contract, even Humble realized that Kentucky had made no such unbelievable concession as is here contended. We hold that by the 1955 contract Kentucky did not give up the right to exclude every distributor other than itself from using the mark Esso in its territory.

On oral argument, Humble also contended that this Court would be violating the intent of the 1961 antitrust consent decree if we prevented its competing with Kentucky under the Esso name. This is precisely the same argument that has been made and rejected numerous times as to the intent of the 1911 dissolution decree. *Esso, Inc. v. Standard Oil Co. (of Indiana)*, 98 F.2d 1 (8 Cir. 1938), at 8; *Standard Oil Company (Sohio) v. Standard Oil Company (of Indiana)*, 252 F.2d 65 (10 Cir. 1958), at 76; *Standard Oil Co. of Maine v. Standard Oil Co. of New York*, 45 F.2d 809 (1 Cir. 1930), at 313. The antitrust laws require competition, not piracy. The essence of competition is the ability of competing products to obtain public recognition based on their own individual merit. A product has not won on its own merit if the real reason the public purchases it is that the public believes it is obtaining the product of another company. There is not now, nor has there ever been, a conflict between the antitrust

laws and trademark laws or the law of unfair competition. The antitrust laws could go no further than to envision Humble's entering the market and competing under one of its non-Standard Oil tradenames and marks. In this way Humble could obtain customers based on its own merits. The judgment of the district court is, therefore, reversed with directions to enter judgment consistent with the foregoing opinion.

REVERSED WITH DIRECTIONS.

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Appendix B

Judgment of Court of Appeals

United States Court of Appeals

FOR THE FIFTH CIRCUIT

October Term, 1965

No. 21674

D. C. Docket No. 31317—Civil Action

STANDARD OIL COMPANY (KENTUCKY),
Appellant,

versus

HUMBLE OIL & REFINING COMPANY,
Appellee.

Appeal from the United States District Court for the Southern District of Mississippi.

Before RIVES and THORNBERRY, Circuit Judges, and GARZA, District Judge.

JUDGMENT

This cause came on to be heard on the transcript of the record from the United States District Court for the Southern District of Mississippi, and was argued by counsel;

ON CONSIDERATION WHEREOF, It is now here ordered and adjudged by this Court that the judgment of the said District Court in this cause be, and the same is hereby, reversed with directions to enter judgment consistent with the opinion of this Court;

It is further ordered and adjudged that the appellee, Humble Oil & Refining Company, be condemned to pay the costs of this cause in this Court for which execution may be issued out of the said District Court.

July 1, 1966

Issued as Mandate:

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APPENDIX C

OPINION OF DISTRICT COURT

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Appendix C

Opinion of District Court Filed March 13, 1964

United States District Court

SOUTHERN DISTRICT OF MISSISSIPPI,
JACKSON DIVISION

HUMBLE OIL & REFINING COMPANY, *Plaintiff,* **vs. STANDARD OIL COMPANY (KENTUCKY),** *Defendant.*	**Civil Action No. 3137**

Findings of Fact and Conclusions of Law.

This lawsuit involves a controversy between the plaintiff, Humble Oil & Refining Company, hereinafter referred to as Humble, and Standard Oil Company of Kentucky, hereinafter referred to as Kentucky and grows out of a contract between the two, entered into on the 27th day of January, 1955, involving the right to use the trade name Esso. Involved also are two other contracts.

The first contract was executed on March 24, 1934 between Penola, Inc., plaintiff's predecessor, and defendant, and by its terms appointed defendant the sole distributor in the 5-state area here involved of Esso marine lubricants and other petroleum products supplied by or under authority of plaintiff's predecessor. This contract is an exhibit to the amended complaint.

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The second contract, an exhibit to the amended complaint, was executed on September 15, 1938 and was between Standard Oil Company of New Jersey, the plaintiff's predecessor, and the defendant, Kentucky, by which Kentucky was granted the privilege of using the trade mark Essotane in the 5-state area here involved.

The 5-state area here involved consists of the states of Alabama, Georgia, Florida, Kentucky and Mississippi.

The last contract, and the controlling contract, was executed on the 27th of January 1955 between Esso Standard Oil Company, a Delaware corporation, plaintiff's predecessor, and the Standard Oil Company of Kentucky, the defendant herein, and is set out hereinbelow first. In order to reach a correct solution of the problem involved it is necessary to consider each and every sentence and paragraph of the contracts, and for that season they are set out verbatim.

Trade Mark.

License Agreement.

This Agreement made this 27th day of January, 1955 by and between Esso Standard Oil Company (hereinafter called Esso Standard), a Delaware corporation having an office at 15 West 51st Street, in the City and State of New York; and

Standard Oil Company (Kentucky) (hearinafter) called Kentucky), a Kentucky corporation having an office in the Starks Building, City of Louisville, State of Kentucky:

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Witnesseth:

Whereas, Esso Standard is the owner of the trade marks listed in the attached "Schedule of Esso Standard Trade Marks" together with the good-will of the business appertaining thereto; and

Whereas, Kentucky for many years has marketed products purchased from Esso Standard in Alabama, Florida, Georgia, Kentucky and Mississippi under these Esso Standard trade marks without giving rise to any confusion with Kentucky's trade marks which during the same period have been actively used by Kentucky in the same states; and

Whereas, it is now desired by Esso Standard and Kentucky to set forth specifically the terms and conditions governing Kentucky's use of these Esso Standard trade marks or any other Esso Standard trade marks used hereafter by Kentucky in connection with products supplied by or on behalf of Esso Standard:

Esso Standard and Kentucky agree as follows:

(1) Kentucky recognizes Esso Standard's ownership of and the exclusive right to the use of these Esso Standard trade marks in the States of Alabama, Florida, Georgia, Kentucky and Mississippi. Kentucky recognizes also the validity of the registrations of these Esso Standard trade marks at the U. S. Patent Office and in the States named above. Kentucky agrees that neither while this agreement is in force nor at any time thereafter will it claim any right, title or interest in or to any of these Esso Standard trade marks.

Advertising or other representations by Kentucky referring to these Esso Standard trade marks, prod-

ucts or otherwise shall be conducted and made in such manner as will not impair or endanger Esso Standard's ownership of or right to use these trade marks in Alabama, Florida, Georgia, Kentucky and Mississippi or the validity of its trade mark registrations during or after the termination of this agreement.

(2) Kentucky agrees to cooperate with Esso Standard in the protection of these Esso Standard trade marks in the States referred to by promptly informing Esso Standard of any encroachments or misuses of these Esso Standard trade marks which come to Kentucky's attention and Kentucky agrees also to notify Esso Standard promptly of any pending or threatened litigation involving the trademarks. Any litigation involving these Esso Standard trade marks shall be at the expense of and under the complete control of Esso Standard.

(3) Esso Standard shall furnish Kentucky current information and instructions regarding the labeling, marking, package designs and color schemes to be used by Kentucky in the sale of products under these Esso Standard trade marks, including instructions regarding trade mark registration notices where considered necessary by Esso Standard. During or after the life of this agreement, Kentucky will not sell or offer for sale products under trade marks, labels markings or package designs, confusingly similar to any of these Esso Standard trade marks, labels, markings or package designs used by Kentucky under the terms of this agreement.

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(4) Kentucky agrees to take all reasonable steps to insure that all products supplied to it in bulk for resale under these Esso Standard trade marks, labels and markings are not in any way contaminated or adulterated and that all packaged products sold by Kentucky under these Esso Standard trade marks are of the same quality as the bulk products supplied by Esso Standard or comply with Esso Standard's specifications for products bearing the particular Esso Standard brand. Esso Standard or its designated inspector shall have the right to inspect Kentucky's plants and methods of packaging and draw samples at stations, bulk plants or otherwise where products to be sold under these Esso Standard trade marks are being filled into containers by Kentucky or its representatives to insure that the quality of the branded products are maintained throughout the packaging operation and to verify that the labeling and packaging is in accordance with the program adopted or approved by Esso Standard.

(5) Kentucky agrees that whenever any of these Esso Standard trade marks are used by Kentucky in advertising copy or promotional material the status of the brand as a registered trade mark of the manufacturer shall be indicated. This shall be done by use of the statutory trade mark registration notice—"(R)".

(6) No products shall be sold by Kentucky under these Esso Standard trade marks, labels or markings unless such products shall have been supplied by Esso Standard or under its authorization.

(7) The permission to Kentucky to use these Esso Standard trade marks, labels and markings herein granted is personal to Kentucky and shall not be transferable, assignable or inure to the benefit of any successor or assignee of Kentucky without the written consent of Esso Standard first had and obtained.

(8) This agreement shall be subject to cancellation at any time by either party giving to the other not less than ninety (90) days' written notice in advance.

(9) Upon the termination or cancellation of this agreement, Kentucky agrees to discontinue promptly all use of these Esso Standard trade marks and Kentucky agrees also that any and all rights to the use of these trade marks as authorized by this agreement shall upon the termination or cancellation of the agreement revert to Esso Standard.

(10) Nothing contained herein shall be construed to limit or restrict the right of Kentucky to sell petroleum or other products under trade marks, labels and markings not confusingly similar to these Esso Standard trade marks, labels and markings.

In Witness Whereof, the parties hereto have caused these presents to be executed by their duly authorized officers the day and year first above written.

ESSO STANDARD OIL COMPANY,
By R. H. SCHOLL,
R. H. Scholl),
Vice President.

STANDARD OIL COMPANY (KENTUCKY),
By W. G. VIOLETTE.

Schedule of Esso Standard Trade Marks

Trade Mark	U. S. Pat. Off. Reg. No.	Goods
ACTO	550,625	Petroleum Sulfonates
ACTOL	198,782	Motor Oil
ANDOK	310,097	Lubricating Grease
ARACAR	303,931	Lubricating Oil
ARAPEN	324,745	Lubricating Grease
AROX	315,950	Lubricating Oil
BAROSA	340,393	" "
BASEKOTE	514,173	" Grease
BAYOL	320,815	White Oil
BAYOL	320,899	"
BAYOL	322,111	"
BEACON	114,684	Lubricating Grease
BEACON	232,598	" "
BRYMUL	315,952	" "
CALORIA	88,392	" Oil
CAMBAR	315,953	" Grease
CANTHUS	162,379	" Oil
CANTONA	305,427	" "

CARUM	176,079	Lubricating Grease
CASTAN	162,371	" Oil
CAZAR	315,585	" Grease
CORLAX	305,426	" Oil
CORAY	307,884	" Oil
CYLANTO	305,423	" "
CYLESSO	305,424	" "
CYLMAR	305,437	" "
CYLOTTE	305,422	" "
DIOL	235,482	" "
DORTAN	318,951	Cutting Oil
DRAW-EX	187,284	Lubricating Grease
DRUID	162,378	Lubricating Oil
ELCMA	315,954	Rust Preventive and Protective Coating
EPIC	314,675	Lubricating Grease
ESSO ESSO EXTRA	176,408	Lubricating Oil Motor Oil Aviation Oil Turbine Oil
ESSOFLEET	Not Registered	Motor Oil
ESSOLUBE	285,285	Motor Oil
ESSOTEX	323,839 324,244	Textile Treating Oils and Textile Machine Lubricant
ESSTIC	305,436	Lubricating Oil
ESTAN	315,502	Lubricating Grease
FANOX	162,375	Lubricating (Cutting Oil)
FEBIS	162,374	" " "
FRACTOL	149,248	Refrigeration Oil
FYBROLEUM	315,567	Lubricating Grease
KUBOLA	315,470	" "

KUTWELL	235,449	Cutting Oil
	520,206	" "
LADEX	316,087	Lubricating Grease
LUSTAN	356,944	Lubricating Oil
MARCOL	161,305	White Oil
	235,373	" "
	235,645	" "
	261,793	" "
MENTOR	307,850	Lubricating Oil
MILL COT	190,978	" "
MCRNOP	316,088	" Grease
MUNTAN	316,089	" "
NATOR	316,663	Lubricating Oil
NORVA	307,883	Lubricating Grease
NUSO	162,896	Lubricating Oil and
	187,777	Ink Reducer
NUTO	307,887	Lubricating Oil
OBRA	315,547	" Grease
PALUBCO	87,796	Lubricating Grease and
	350,607	Paints and Paint Oil
PEETAL	315,548	Lubricating Grease
PENNEX	223,202	Cutting Oil
PENOLA	162,576	Lubricating Grease
PEN-O-LED	367,419	" "
PRIMOL	250,426	Heavy White Oil
	252,537	" " "
ROXTONE	162,380	Lubricating Oil
RUST-BAN	290,218	Rust Preventives and
	359,310	Protective Coatings
	360,803	
	360,804	
	364,370	
SEALOL	168,137	Refrig. Oil
	444,206	" "
SOLNEX	316,093	Lubricating Grease

SOLVESSO	318,870 318,875 324,419	Solvents " "
SPINESSO	325,863	Lubricating Oil
TFLURA	307,885	" "
TERESSO	305,438	" "
TERVAN	378,570	Wax
THREDKOTE		Lubricating Grease
UNIFLO	312,296	Motor Oil
UNIVIS	162,372	Lubricating Oil and Hydraulic Medium
UNIVOLT	319,614	Transformer Oil
VAN CALORIA VAN DRUID VAN ESTAN		Lubricating Oil " Grease " Grease
VAN TALGAR	359,979	" "
VARSOL	244,001 250,562 250,866	Solvents " "
VELNER	317,421	Lubricating Grease
WYROL	150,122 154,393	White Oil
BARS AND CIRCLE DESIGN	194,116	Lubricating Oils and Greases
ESSO OVAL	347,466	" " "
ESSO OVAL (in colors)	347,467	" " "
FAXAM	162,373	Lubricating Oils
NECTON	310,082	" "
VALESSO	305,428	" "
ALERT	315,949	Lubricating Greases
CASTROLEUM	174,898	" "
COMAL	335,189	" "

ESSOROD	325,486	Lubricating Greases
FIRMAX	305,425	" "
NAKTA	315,546	" "
NEBULA	316,090	" "
SURETT VAN SURETT	316,094	" "
VAN PEETAL	Covered by No. 315,548	" "
TOCAR	315,485	" "
PARMO	153,870	Petrolatums
CYLO-MAR	316,668	Marine Oils
ESSO-MAR	307,919	" "
MARINEX	316,100	" "
MARMAX	307,849	" "
STER-MAR	Applied for	" "
TELO-MAR	316,101	" "
TEROLA	316,098	" "
TRO-MAR	538,259	" "
ZERO-MAR	316,099	" "
MAROLEUM	319,621	Marine Grease

Appendix C

Opinion of District Court Filed March 13, 1964

The first contract was dated March 24, 1934 and reads as follows:

Agreement, made in duplicate, this 24th day of March, 1934, between Penola Inc., a Delaware corporation, of Pittsburgh, Pennsylvania, hereinafter called "Penola", and Standard Oil Company (Kentucky), a Kentucky corporation, of Louisville, Kentucky, hereinafter called "Kentucky",

Witnesseth:

Whereas, Penola owns the Essomarine trademarks shown on the attached schedule "A" which is hereby made a part hereof together with the business and good will pertaining thereto; and

Whereas, Kentucky maintains a marketing organization and markets marine lubricants and other petroleum products in the States of Kentucky, Alabama, Florida, Georgia and Mississippi; and

Whereas, Penola proposes to establish and maintain such formulae and specifications, tests, processes and requirements as may be necessary to insure sale over as wide a territory as practicable under said Essomarine trademarks of products of uniformly high quality especially suitable for marine purposes, and to require said products sold under said Essomarine trademarks everywhere to conform to said formulae and specifications, tests, processes and requirements; and

Whereas, Essomarine products as used herein refers to products sold by Penola under Essomarine

trademarks, which products are designed especially for marine purposes: and

Whereas, Penola and Kentucky wish to cooperate for the purpose of making said products available in said States under the Essomarine trademarks to all who may require them,

Now, Therefore, in consideration of the premises and of the mutualities hereof, it is agreed as follows:

1. Penola hereby appoints Kentucky sole distributor for the States of Kentucky, Alabama, Florida, Georgia and Mississippi during the term hereof, of said Essomarine products, and Kentucky accepts such appointment and agrees to act as such sole distributor upon the specific understanding that Penola is and shall continue to be the owner in said States of any and all right, title and interest in and to said Essomarine trademarks, and that Kentucky will claim no right, title or interest in or to any of the same either during the life of or after the termination of this agreement, and will not use said Essomarine trademarks upon any except said Essomarine products conforming to Penola's said specifications and will not buy such products from other sources except with Penola's specific approval. Kentucky agrees to cooperate with Penola in maintaining and protecting said trademarks and Penola's ownership thereof.

2. Penola will not authorize any other distributor to sell said products or any of them in said States during the term hereof without written consent of Kentucky.

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Opinion of District Court Filed March 13, 1964

3. In connection with said appointment Penola hereby agrees to sell and deliver to Kentucky, and Kentucky agrees to purchase and receive from Penola said products delivered on board cars or other means of transportation at such points of origin as Penola may elect, it being understood that title to said products shall pass to Kentucky at that time and place and all risk and responsibility thereafter shall be in Kentucky. A list of said shipping points with the prices for each product delivered at such points, are listed in Schedule "B" attached hereto and made a part hereof.

It is understood that the prices which Kentucky shall pay Penola are subject to change by Penola from time to time.

4. * * * Payment shall be made within thirty days from date of shipment. * * *, (GHT)

5. It is agreed that any duty, tax or other charge Penola or other supplier designated by Penola may be required by any Federal, State, municipal or other law now in effect or hereafter enacted, to collect or pay with respect to the sale, delivery and/or use of the commodities covered hereby will be added to the prices provided for herein and be paid by Kentucky.

6. Said products shall always be sold under said Essomarine trademarks and the containers and labels shall be as nearly uniform everywhere as conditions permit, Penola keeping Kentucky informed from time to time of any changes.

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Opinion of District Court Filed March 13, 1964

7. All orders shall be filled with reasonable promptness except that in case of fire, riots, strikes or accidents or other conditions whether or not similar in character to those specifically named, which unavoidably stop the making of deliveries, deliveries contracted for may be canceled or partially canceled as the case may require upon written or telegraphic notice to Kentucky. Such interruption of deliveries however, shall not invalidate the remainder of this agreement but upon removal of the cause of the interruption deliveries shall be continued as before.

8. Kentucky agrees to carry continuously and have readily available, reasonable quantities of said products, to enable it to meet promptly current demands of the trade in said States, and to make every reasonable effort and use proper means to develop as far as practicable the trade therein said products both wholesale and retail.

9. * * * * * * *

10. Penola will conduct such national publicity as it may deem fit and bear all expense therefrom. * * * *

11. Kentucky will pay or assume all expenses connected with the sale and distribution of said products to the trade and to the public generally in said States.

12. In the event any Federal, State or Municipal government or anyone holding authority therefrom or anyone holding authority under the National Industrial Recovery Act or any approved code applicable to the oil industry fixes prices for products on

which prices are quoted herein, which fixed prices shall be an increase of the prices quoted herein, it will be necessary to abide by such stipulations and obey the law. If any such Federal or State government shall fix the price or value of any crude oil or whatever material is used in the production of the commodities deliverable hereunder at higher prices than those now prevailing, or shall restrict the hours of labor at less or fix the wages to be paid therefor at more than were prevailing on the date of this agreement, prices provided or permitted herein shall be increased by the amount of the resulting increased cost to Penola and those furnishing it with commodities sold hereunder, or with material from which such commodities are manufactured. If any such government or state authority shall establish conditions of delivery different from those provided hereunder then appropriate changes shall be made in the conditions of delivery specified hereunder. Appropriate changes shall be made in the prices specified or permitted hereunder to compensate Penola for any increased cost of such new conditions of delivery. If such Federal government or State authority fixes prices, costs or conditions of delivery as contemplated hereunder, and thereafter refixes them at other levels or under other conditions, then the prices and conditions hereunder shall be again changed to conform thereto.

In the event of the depreciation of the currency of the United States by inflation, reduction of the gold content of the dollar, issuance of fiat money, extension of credit or otherwise, the prices provided or permitted hereunder may at Penola's option be increased proportionately to the depreciation of the currency and/or the increase of Penola's cost re-

spectively. Naturally, in the event of difference of opinion regarding the application or effect of the previous provisions, or in the event of any increase in Penola's price to Kentucky resulting therefrom Kentucky may terminate this agreement on fifteen (15) days' written notice.

13. This agreement shall be for a term of five (5) years from the date hereof and continue from year to year thereafter until either of the parties shall give six (6) months' written notice to the other prior to the end of any such term that this agreement shall not be renewed.

14. In case either one of the parties hereto fails to carry out any conditions of this agreement the other party reserves the right to cancel the same after due demand in writing addressed to the first party. If at the end of thirty (30) days from the date of the receipt of such demand, or the date when said demand should be received in the normal course of the mails, the party violating the agreement has not complied with the demand the agreement shall immediately end. The above formalities duly carried out shall ipso facto cancel the agreement without the necessity of any other steps being taken.

15. In case either party wishes to terminate this agreement for other than violations thereof it may do so by serving six (6) month's notice in writing upon the other party of the intention to terminate; such notice to specify the reason therefor. If the specified reason for such intention to terminate shall be removed, in the judgment of Penola, and Kentucky, be-

fore the expiration of the period of said notice, said termination shall not become effective and the notice shall be withdrawn; but if the reason for intention to terminate is not so removed such termination shall become effective upon the expiration of the period of said notice and this agreement terminate ipso facto without further action by either party.

16. It is further understood and agreed that even though this agreement is terminated pursuant to either of said two preceding paragraphs Kentucky's obligation to pay in full for all products delivered hereunder to Kentucky in accordance with Kentucky's directions shall not be affected.

17. Upon the expiration or termination of this agreement Kentucky shall have no further rights to the use of Essomarine trademarks and shall make no claim thereto or against the use thereof in said States by Penola or other duly authorized distributors of said Essomarine products.

18. This agreement shall not be assigned or transferred by Kentucky directly or indirectly without the written consent of Penola. Upon Kentucky's selling, leasing or otherwise disposing of or merging or consolidating with another this agreement, if Penola so elects, shall immediately terminate and Penola shall not be under any obligation to deliver to Kentucky further quantities of the products herein agreed to be sold and delivered to Kentucky.

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In Witness Whereof, the parties hereto have caused these presents to be duly executed the day and year first above written.

PENOLA INC.,
By C. C. LUCAZETTE,
President.
STANDARD OIL COMPANY
(KENTUCKY),
By W. E. SMITH,
President.

Attest:

M. H. RAINES,
Secretary.

Attest:

THOS. C. M. GOODWIN,
Secretary.

The Agreement dated September 15, 1938 reads as follows:

Agreement.

1. The Standard Oil Company of New Jersey, a Delaware Corporation, with offices at 26 Broadway, New York, New York (hereinafter called Jersey), hereby grants to Standard Oil Company (Kentucky), a Kentucky corporation with offices at Louisville, Kentucky (hereinafter called Kentucky), the privilege of using in marketing and advertising the trade mark or brand name Essotane (registered by Jersey in the United States Patent Office under No .331,486 dated January 7, 1936) in the territory wherein Kentucky now markets petroleum products, in connection with the sale of Essotane (commercial propane) pur-

chased by Kentucky from Jersey and from those authorized by Jersey to sell Essotane.

2. Kentucky agrees that it will use said brand Essotane only in connection with the sale of Essotane (commercial propane) purchased from Jersey or from those authorized by Jersey to sell Essotane.

3. Kentucky agrees that it will make no claim to the right to use said brand Essotane except in connection with the sale of Essotane (commercial propane) purchased as aforesaid.

4. Kentucky agrees that it will make no objection to the use by Jersey or those authorized by Jersey to sell Essotane, or their customers, of said brand Essotane in connection with their sale of Essotane (commercial propane).

5. Kentucky agrees that the privilege above granted to Kentucky by Jersey to use said brand Essotane shall be withdrawn by Jersey whenever and to the extent that Kentucky discontinues sales of Essotane (commercial propane) purchased as aforesaid by Kentucky.

6. Kentucky agrees that it will promptly discontinue use of said brand Essotane whenever and to the extent that Kentucky discontinues sales of Essotane (commercial propane) purchased as aforesaid by Kentucky.

7. Kentucky shall not permit its sub-distributors or customers to market or advertise said Essotane

for sale, or authorize or permit others to whom they sell to market or advertise Essotane in any territory other than within that hereinabove referred to. Kentucky agrees that after receipt of said Essotane in tank cars or otherwise, Kentucky shall place or cause to be placed said Essotane in appropriate cylinders for sale to the trade, Kentucky providing, or causing to be provided, said cylinders at its own expense, but the type and quality of cylinders are to meet specifications prescribed by the Interstate Commerce Commission. Said product Essotane (commercial propane) shall be sold under said trade mark or brand Essotane, and the labels on the cylinders containing said Essotane shall show said trademark or brand Essotane by stencilling, painting or otherwise marking, the word Essotane on each and every one of the cylinders.

8. Kentucky agrees, and agrees to require its sub-distributors to agree, not to claim any right, title or interest in or to said trade mark Essotane, the labels, trade marks, and designs, or any of them, pertaining to said trade mark and product, during the life of or after the termination of this agreement.

8. Kentucky agrees, and agrees to require its sub-distributors of Essotane to agree, to discontinue the use in any manner of said trade mark, legends, labels and designs upon the expiration or earlier termination of this agreement, or in the case of the sub-distributors to discontinue such use upon the termination of Kentucky's agreement with sub-distributors. Kentucky shall include in its agreements with each of its sub-distributors the right to repurchase from each of such

sub-distributors stock of Essotane remaining on hand with the sub-distributor at the time of the termination of the sub-distributor's agreement, the price to be paid by Kentucky for any such re-purchased stock of Essotane to be the price previously paid Kentucky by its sub-distributor.

9. The Essotane (commercial propane) to be delivered herein under shall at least equal the current specifications for commercial propane.

10. This agreement shall continue for a period of five years from the date hereof with the understanding that it shall continue thereafter for periods of one year each, unless and until terminated by either party giving the other party six months notice in writing of such termination; it being understood that there shall be no termination within the first five-year period, except as otherwise provided herein. In the event of violation of any of the provisions hereof by one party, the other party may terminate this agreement upon thirty days written notice with the understanding, however, that if the violation or other failure causing the notice of termination shall have been cured prior to the expiration of said thirty day period, such notice of termination shall not become effective.

11. This agreement is not assignable or transferable directly or indirectly without the written consents of both Jersey and Kentucky.

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In witness whereof, the parties hereto have caused these presents to be executed this 15th day of September, 1938.

(Seal) STANDARD OIL COMPANY OF NEW JERSEY,
By E. A. HOLBEIN, (C.D.P.), (G.H.T.),
Vice President.

(Seal) STANDARD OIL COMPANY (KENTUCKY),
By W. G. VIOLETTE,
Vice President.

Attest:
W. F. QUICK,
Asst. Secretary.

Attest:
DAVID F. COCKS,
Secretary.

The pleadings consist of the original complaint, the amended complaint, the answer of the defendant and counter claim of the defendant and the answer of the counter defendant to the counter complaint, and in order to grasp all the issues, they can be stated best by quoting in full, omitting the formal parts, the above pleadings, as they bring into view the entire picture in so far as issues are concerned:

Complaint.

1. Plaintiff is a Delaware corporation and has its principal office and place of business at No. 1216 Main Street, Houston, Texas.

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2. Plaintiff is informed and believes and therefore avers that defendant is a Kentucky corporation and has an office and place of business and does business at No. 200 North State Street, Jackson, Mississippi, in the Southern District of Mississippi, Jackson Division.

3. This action is brought under the Federal Declaratory Judgment Act, 28, U.S.C., Sections 2201 and 2202, for a declaration and judgment as to plaintiff's rights in an actual controversy between plaintiff and defendant within this Court's jurisdiction. The jurisdiction of this Court rests upon the ground that this is a civil action arising between citizens of different states wherein the amount in controversy exceeds the sum or value of ten thousand dollars ($10,000.), exclusive of interest and costs, and also upon the ground that this civil action arises under the trademark laws of the United States, viz., the Trade Mark Act of July 5, 1946, 60 State.427, 15 U.S.C., Section 1051 et seq., and under the Judicial Code, 28 U.S.C., Section 1338.

4. Since long prior to any of the acts of defendant complained of in this complaint, plaintiff (which term includes its predecessors) has been and now is manufacturing, and has been and now is selling various petroleum products in interstate commerce including sales into the States of Mississippi, Alabama, Florida, Georgia and Kentucky.

5. Since long prior to any of the acts of defendant complained of in this complaint, plaintiff has been continuously and now is using its trademark Esso and other trademarks which include Esso on or in con-

nection with the sale, offering for sale and advertising of such products.

6. From the time of the introduction on the market of the said products bearing the trademark Esso and bearing other trademarks which include Esso, said products of plaintiff have become and now are widely known and recognized in Mississippi and elsewhere by the trademark Esso and by other trademarks which include Esso which trademarks are closely and universally associated with plaintiff and its said products and by which plaintiff's said products are known to the public and by which their source and origin are identified.

7. Plaintiff is the owner of the following United States trademark registrations, among others, which were duly issued by the United States Patent Office and which are presently outstanding, validly subsisting and uncanceled:

Trademark	Registration No.	Date Issued
Esso	176,408	Nov. 27, 1923
Essolube	285,285	July 21, 1931
Essomarine	307,919	Nov. 14, 1933
Esso-Mar	316,711	Sept. 4, 1934
Essotex	323,839	May 7, 1935
Essotex	324,244	May 14, 1935
Essorod	325,486	June 25, 1935
Essotane	331,486	Jan. 7, 1936
Esso in Oval	347,466	June 29, 1937
Esso in Oval	347,467	June 29, 1937

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8. Plaintiff is the owner of the following registrations which were duly issued by the Department of State of he state of Mississippi and which are presently outstanding, validly subsisting and uncanceled;

Trademark	Registration No.	Date Issued
Esso	None	July 1, 1938
Esso in Oval	None	July 1, 1938
Essolene	None	July 1, 1938
Essolube	None	July 1, 1938
Essotane	None	July 1, 1938
Oval E	R-39	Mar. 11, 1946

9. Under date of March 24, 1934, Penola Inc., a predecessor of plaintiff, and defendant, entered into an agreement in writing wherein Penola Inc. appointed defendant and defendant agreed to act as distributor in the States of Mississippi, Alabama, Florida, Georgia and Kentucky, of products purchased by defendant from Penola Inc., and sold by defendant under Penola Inc.'s trademarks, including Essomarine. In the said agreement, defendant agreed that Penola Inc. was and would continue to be the owner in the said states of any and all right, title and interest in and to the said trademarks, and that defendant would claim no right, title or interest in or to any of the said trademarks either during the life of or after the termination of the said agreement.

10. Under date of September 15, 1938, Standard Oil Company of New Jersey, a predecessor of plaintiff, and defendant, entered into an agreement in writing wherein defendant was granted the privi-

lege of using the trademark Essotane in connection with commercial propane purchased by defendant from said Standard Oil Company of New Jersey and sold by defendant in the States of Mississippi, Alabama, Florida, Georgia and Kentucky. In the said agreement, defendant agreed that it would make no objection to the use by said Standard Oil Company of New Jersey or those authorized by said Standard Oil Company of New Jersey to sell commercial propane under the trade mark Essotane or their customers, of the said trademark Essotane in connection with their sale of commercial propane, and defendant further agreed not to claim any right, title or interest in or to the said trademark Essotane either during the life of or after the termination of the said agreement.

11. Under date of January 27, 1955, Esso Standard Oil Company, a predecessor of plaintiff, and defendant, entered into an agreement in writing wherein defendant was granted permission to use the trademark Esso and other trademarks which include Esso in connection with products supplied to defendant by said Esso Standard Oil Company and sold by defendant in the States of Mississippi, Alabama, Florida, Georgia and Kentucky. In the said agreement, defendant recognized said Esso Standard Oil Company's ownership of and exclusive right to the use of the trademark Esso and the other trademarks which include Esso in the said states and agreed that neither while the said agreement was in force nor at any time thereafter would it claim any right, title or interest in or to any of the said trademarks of said Esso Standard Oil Company.

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12. Plaintiff is informed and believes and therefore avers that the agreements of March 24, 1934, September 15, 1938 and January 27, 1955, which are referred to in Paragraphs 9, 10 and 11 above, are now in full force and effect, and plaintiff, by virtue of merger or assignment or both, is now the contracting party with defendant with its consent in each of the said agreements. By virtue of the said agreements, defendant has recognized plaintiff's ownership of and exclusive right to the use of the trademark Esso, either alone or in combination with other language, on and in connection with petroleum products, in the States of Mississippi, Alabama, Florida, Georgia and Kentucky.

13. Plaintiff is informed and believes and therefore avers that defendant has been and now is using plaintiff's trademarks Esso, Essomarine, Essotane and other trademarks which include Esso pursuant to the agreements which are set for in Paragraphs 9, 10 and 11 above on and in connection with the sale, offering for sale and advertising, in the States of Mississippi, Alabama, Florida, Georgia and Kentucky and in interstate commerce of various petroleum products which it has purchased from plaintiff or its affiliated companies.

14. The actual controversy between plaintiff and defendant is that defendant claims that plaintiff may not sell, offer for sale, or advertise petroleum products of any kind under the trademark Esso in the States of Mississippi, Alabama, Florida, Georgia and Kentucky; whereas, plaintiff claims that it has the right and the privilege to sell, offer for sale and

advertise petroleum products of any and every kind under the trademark Esso in the said states. Defendant has threatened plaintiff that, if plaintiff were to sell any Esso products in any of the said states, defendant would be obliged to and would institute suit against plaintiff.

Wherefore, plaintiff prays that this Court will declare the rights and legal relations of the parties in respect of the controversy hereinabove set forth and to that end demands that this Court adjudge and decree:

1. That plaintiff has the right to sell, offer for sale and advertise petroleum products of any and every kind under its trademark Esso and any of its other trademarks which include Esso in the States of Mississippi, Alabama, Florida, Georgia and Kentucky.

2. That defendant has no right or privilege to sell, offer for sale or advertise petroleum products of any kind under the trademark Esso or any other trademarks which include Esso, except as it is expressly permitted to do so in the States of Mississippi, Alabama, Florida, Georgia and Kentucky, pursuant to the terms and conditions of the agreements in writing which are set forth in Paragraphs 9, 10 and 11 above.

3. That the sale, offering for sale and advertising by plaintiff of petroleum products of any and every kind under its trademark Esso or any of its other trademarks which include Esso in the States of Mississippi, Alabama, Florida, Georgia and Kentucky,

does not constitute a breach of any of the agreements in writing which are set forth in Paragraphs 9, 10 and 11 above.

4. That the sale, offering for sale and advertising by plaintiff of petroleum products of any and every kind under its trademark Esso or any of its other trademarks which include Esso in the States of Mississippi, Alabama, Florida, Georgia and Kentucky, does not constitute infringement of any rights of defendant or unfair competition with defendant.

5. That defendant be permanently enjoined and restrained from interfering in any manner with plaintiff's exercise of its rights to sell, offer for sale and advertise petroleum products of any and every kind under its trademark Esso or any of its other trademarks which include Esso in the States of Mississippi, Alabama, Florida, Georgia and Kentucky.

6. That plaintiff have an recover the costs and disbrusements of this action, together with reasonable attorneys' fees herein.

7. That plaintiff have such other and further relief as to the Court may seem just and proper.

M. M. ROBERTS,
(M. M. Roberts),
Of Attorneys for Plaintiff.

Citizens Bank Building,
Hattiesburg, Mississippi.

JOE A. THOMPSON,
Of Attorneys for Plaintiff.

Hattiesburg, Mississippi.

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Of Counsel:
FORREST DARROUGH,
CARL ILLING,
1216 Main Street,
Houston, Texas.
DILLARD W. BAKER,
Box 2180,
Houston, Texas.
FRANCIS X. CLAIR,
30 Rockefeller Plaza,
New York 20, New York.
LESLIE D. TAGGART,
(Leslie D. Taggart),
NICHOLAS JOHN STATHIS,
Of WATSON, LEAVENWORTH, KELTON & TAGGART,
100 Park Avenue,
New York 17, New York.

Motion to Amend Complaint.

Plaintiff moves the Court for authority to amend the complaint herein as follows:

1. Add to paragraph 9, the following sentence: "A copy of said agreement (omitting Schedules A & B thereof) is attached hereto and made a part hereof as plaintiff's Exhibit 1."

2. Add to paragraph 10, the following sentence: "A copy of said agreement is attached hereto and made a part hereof as plaintiff's Exhibit 2."

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3. Add to paragraph 11, the following sentence: "A copy of said agreement is attached hereto and made a part hereof as plaintiff's Exhibit 3."

JOE A. THOMPSON,
M. M. ROBERTS,
Of Attorneys for Plaintiff.
Hattiesburg, Mississippi.

Notice of Motion.

To: Honorable Pat H. Eager,
Messrs. Watkins & Eager,
800 Plaza Building,
Jackson, Mississippi,
Honorable Beverly W. Pattishall,
2430 Prudential Plaza,
Chicago 1, Illinois,
Messrs. Middleton, Seelback, Wolford,
Willis & Cochran,
501 South Second Street,
Louisville 2, Kentucky.

Please take notice that the undersigned will bring the above motion on for hearing before the Honorable S. C. Mize, United States District Judge, at time and place agreeable to the Court and the attorneys in interest.

Witness My Signature on the 8th day of July, A. D., 1961.

M. M. ROBERTS,
Of Attorneys for Plaintiff.
Hattiesburg, Mississippi.

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(The Agreements are not set forth here because they already have been included in this Opinion.)

Answer and Counterclaim; Omitted herewith, the same being heretofore copied at page 17.

* * * * * * * * *

Reply.

As to Count I of the Counterclaim.

1. Plaintiff (which term refers herein where applicable to its predecessor and affiliated companies) admits the averments in paragraph 1 of the counterclaim.

2. Plaintiff admits the averments in paragraph 2 of the Counterclaim.

3. Plaintiff denies the averments in paragraph 3 of the Counter-claim except that plaintiff admits that this Court has jurisdiction with respect to Counts I and II of the Counterclaim because this is a civil action arising between citizens and residents of different States wherein the amount in controversy exceeds the sum or value of Ten Thousand Dollars ($10,000.00) exclusive of interest and costs.

4. Plaintiff admits the averments in paragraph 4 of the Counterclaim except that plaintiff denies that the States of Mississippi, Alabama, Georgia, Florida and Kentucky are defendant's territory.

5. Plaintiff is without knowledge or information sufficient to form a belief as to the truth of the averments in paragraph 5 of the Counterclaim.

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6. Plaintiff denies the averments in paragraph 6 of the Counterclaim except that plaintiff admits that defendant has for many years past sold and now is selling its gasoline under its trademark "Crown", "Crown Extra" and other variations of "Crown" and has sold and is selling lubricating oil purchased from plaintiff under plaintiff's trademark Esso and has been and is selling lubricating oil purchased from Socony Mobil Oil Company under the trademark Mobil, which plaintiff believes is the trademark of said Socony Mobil Oil Company for petroleum and other products, and has recently been and now is selling lubricating oil under the trademark RPM of its new parent company, Standard Oil Company of California, which product it has purchased from said parent company, and has been selling and now is selling various other products under various of its trademarks and various products purchased from others under the trademarks of such other concerns.

7. Plaintiff denies the averments in paragraph 7 of the Counterclaim, except that plaintiff admits that defendant's sales of petroleum and other products and services under its own trademarks and under the trademarks of plaintiff and of other concerns have been in large and substantial amounts continuously and annually for many years past and have totaled many billions of dollars in value.

8. Plaintiff is without knowledge or information sufficient to form a belief as to the truth of the averments in paragraph 8 except as admitted in paragraph 6 hereof.

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9. Plaintiff denies the averments in paragraph 9 of the counterclaim.

10. Plaintiff denies the averments in paragraph 10 of the Counterclaim.

11. Plaintiff denies the averments in paragraph 11 of the Counterclaim.

12. Plaintiff denies the averments in paragraph 12 of the Counterclaim, except that plaintiff admits that defendant has since prior to 1911 purchased large quantities of various petroleum products from plaintiff and that defendant has for a long period of time purchased large quantities of various petroleum products from concerns other than plaintiff, and that defendant has for many years sold the gasoline it so acquired under its trademarks "Crown," "Crown Extra" and other variations thereof and has sold various of plaintiff's petroleum products it purchased from plaintiff under plaintiff's trademark Esso and trademarks including "esso", and has sold Socony's lubricating oil it purchased from Socony under Socony's trademark Mobil and has purchased from various concerns various other products which it has sold under their respective trademarks.

13. Plaintiff denies the averments in paragraph 13 of the Counterclaim, except that plaintiff admits that defendant, together with its present parent company, Standard Oil Company of California, which became a defendant in the civil action referred to below for the purpose of acquiring defendant herein, jointly and severally entered into a Consent Judgment,

on or about June 5, 1961, in a civil action in the United States District Court for the Western District of Kentucky, entitled United States of America v. Standard Oil Company (New Jersey), Humble Oil & Refining Company, and Standard Oil Company (Kentucky), Civil Action Number 3722, (for the terms of which the Court is respectfully referred to such Consent Judgment), and that defendant wrote identical letters dated June 26, 1961 to plaintiff and Standard Oil Company (incorporated in New Jersey) pursuant to said Consent Judgment, copies of which are attached hereto and made a part hereof.

14. Plaintiff denies the averments of paragraph 14 of the Counterclaim except that plaintiff admits that it built or acquired service stations which bore, after building or acquisition, "Humbile" and Esso, that it has continued to and is continuing to build and to acquire such service stations in or near Louisville, Kentucky which were referred to as "Oklahoma" stations, which in due course, came to bear and now bear Humble and Esso, and that in all said service stations Esso products are sold either from gasoline pumps bearing Esso or in other packages and containers bearing Esso.

15. Plaintiff denies the averments of paragraph 15 of the Counterclaim except that plaintiff admits and avers that it has built or acquired and is continuing to build or acquire and intends in the future to build or acquire as many service stations, all of which will bear Humble and Esso generally in the same manner as its present service stations in the five state area, as is consistent with sound business practice bearing

in mind plaintiff's loss of marketing of a very substantial quantity of petroleum product as the result of defendant and its present parent company's entering, without any prior notice to plaintiff, into the Consent Judgment pleaded in paragraph 13 of defendant's Counterclaim.

16. Plaintiff denies the averments in paragraph 16 of the Counterclaim.

17. Plaintiff denies the averments in paragraph 17 of the Counterclaim.

18. Plaintiff is without knowledge or information sufficient to form a belief as to the truth of the averments in paragraph 18 of the Counterclaim.

19. Plaintiff denies the averments in paragraph 19 of the Counterclaim.

20. Plaintiff denies the averments in paragraph 20 of the Counterclaim.

21. Plaintiff denies the averments in paragraph 21 of the Counterclaim.

22. Plaintiff denies the averments in paragraph 22 of the Counterclaim.

23. Plaintiff denies the averments in paragraph 23 of the Counterclaim.

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As to Count II of the Counterclaim.

24. With respect to the averments contained in paragraph 24 of defendant's Counterclaim, plaintiff repeats and reavers the averments of paragraphs 1 through 23 herein as though here set forth in full.

25. Plaintiff is without knowledge or information sufficient to form a belief as to the truth of the averments in paragraph 25 of the Counterclaim except that plaintiff has long used principally through defendant as its distributor its trademark "Esso" and its trademarks containing "esso" in the five state area and since June, 1961, has used its trademark "Esso" directly, and not through defendant as its distributor, in the five state area.

26. Plaintiff denies the averments in paragraph 26 of the Counterclaim.

27. Plaintiff denies the averments in paragraph 27 of the Counterclaim.

28. Plaintiff denies the averments in paragraph 28 of the Counterclaim.

29. Plaintiff denies the averments in paragraph 29 of the Counterclaim except that plaintiff admits that it employs the colors red, white and blue in connection with the painting of its service stations and in connection with the marketing of its Esso products wherever Esso products are sold through service stations.

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30. Plaintiff denies the averments in paragraph 30 of the Counterclaim.

31. Plaintiff denies the averments in paragraph 31 of the Counterclaim.

32. Plaintiff denies the averments in paragraph 32 of the Counterclaim.

33. Plaintiff denies the averments in paragraph 33 of the Counterclaim.

34. Plaintiff denies the averments in paragraph 34 of the Counterclaim.

35. Plaintiff denies the averments in paragraph 35 of the Counterclaim.

As to Count III of the Counterclaim.

36. With respect to the averments in paragraph 36 of the Counterclaim, plaintiff repeats and reavers the averments of paragraphs 1, 2, 4 through 23, inclusive, 32, 33 and 35 herein as though here set forth in full. With respect to paragraph 3 of the Counterclaim, insofar as it applies to Count III, plaintiff denies the averments of paragraph 3 except that plaintiff admits that this is an action arising between citizens and residents of different states wherein the amount in controversy exceeds the sum or value of Ten Thousand Dollars ($10,000.00) exclusive of interest and costs and plaintiff admits that this Court has jurisdiction, under Title 15 of the United States Code, § 1119, of the subject matter of Count III only insofar

as it involves the federal registrations of the trademark Esso pleaded by Plaintiff in its complaint.

37. Plaintiff denies the averments in paragraph 37 of the Counterclaim except that plaintiff admits that it obtained and maintained the registrations listed in paragraph 37 of the Counterclaim, in the United States Patent Office, with the exception of registrations 50,889, 91,389, 95,171, 174,387, 156,145 and 234,484, and that the remaining registrations are presently outstanding, validly subsisting and uncanceled, and plaintiff admits that plaintiff has the right to the exclusive use of all the Esso trademarks listed in said registrations Nos. 176,408-398,713 inclusive, set forth in paragraph 37 of the Counterclaim in the five state area.

38. Plaintiff denies the averments in paragraph 38 of the Counterclaim except that plaintiff admits that a separation of various Standard Oil Companies was effected by the Supreme Court of the United States in the case entitled "Standard Oil Company of New Jersey v. United States", 221 U. S. 1 (1911) and the Court is respectfully referred to that decision for its holding.

39. Plaintiff denies the averments in paragraph 39 of the Counterclaim except that plaintiff admits that Esso, Inc. v. Standard Oil Co., 98 F. 2d 1 (8th Cir., 1938), was concerned with plaintiff's trademark Esso and the Court is respectfully referred to that decision for its holding.

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40. Plaintiff denies the averments in paragraph 40 of the Counterclaim.

41. Plaintiff denies the averments in paragraph 41 of the Counterclaim.

42. Plaintiff denies the averments in paragraph 42 of the Counterclaim.

43. Plaintiff denies the averments in paragraph 43 of the Counterclaim.

As and for a First Separate Affirmative Defense as to Counts I and II of the Counterclaim Plaintiff Avers.

44. Plaintiff repeats and reavers the averments of paragraphs 4-13 inclusive of plaintiff's complaint as though here set forth in full.

45. Defendant is barred and estopped from asserting that plaintiff's use of its trademark Esso in connection with the marketing of petroleum products in the five state area and elsewhere is an infringement of defendant's trade names or trademarks or that the use by plaintiff of its trademark Esso in connection with the marketing of petroleum products constitutes unfair competition with defendant.

As and for a Second Separate Affirmative Defense to Counts I and II of the Counterclaim Plaintiff Avers.

46. Plaintiff repeats and reavers the averments of paragraphs 4-13 inclusive of plaintiff's complaint as though here set forth in full.

47. Since long prior to 1938 and continuously thereafter to the present time, defendant has had actual and constructive notice of plaintiff's rights to and plaintiff's claim of rights to the exclusive use of its trademark Esso for petroleum products in the five state area and elsewhere.

48. Since long prior to 1938 and continuously thereafter to the present time, defendant has recognized and acquiesced in plaintiff's exclusive right to the trademark Esso in connection with the marketing of petroleum products in the five state area and elsewhere.

49. Upon information and belief, for more than twenty-two years, defendant took no steps, nor initiated any proceedings to prevent or enjoin plaintiff from using its trademark Esso in connection with the sale and marketing of its petroleum products.

50. By reason of the foregoing, defendant is barred and estopped by laches from asserting that plaintiff, by its use of its trademark Esso in connection with the marketing of petroleum products in the five state area, infringes any rights of defendant or competes unfairly with defendant.

As and for a Third Separate Affirmative Defense to Counts I and II of the Counterclaim Plaintiff Avers.

51. Plaintiff repeats and reavers the averments of paragraphs 4-13 inclusive of plaintiff's complaint as though here set forth in full.

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52. Plaintiff repeats and reavers the averments of paragraphs 47, 48 and 49 hereof as though here set forth in full.

53. As a result of such long and continued notice by plaintiff and recognition and acquiescence by defendant in and to plaintiff's exclusive rights and plaintiff's claim of rights to its trademark Esso for the marketing of petroleum products in the five state area, defendant is barred and estopped, by such acquiescence, from asserting that plaintiff, by its use of its trademark Esso in connection with the marketing of petroleum products in the five state area, infringes any rights of defendant or competes unfairly with defendant.

As and for a First Separate Defense to Count III of the Counterclaim, Plaintiff Avers.

54. This Court lacks jurisdiction of the subject matter of Count III except insofar as it relates to the federal registrations for the trademark Esso pleaded by plaintiff in its complaint.

As and for a Third Separate Defense to Count III of the Counterclaim, Plaintiff Avers.

55. Plaintiff repeats and reavers the averments set forth in paragraphs 4-13 inclusive of plaintiff's complaint.

56. Plaintiff repeats and reavers the averments set forth in paragraphs 47, 48 and 49 herein as though here set forth in full.

57. By reason of the foregoing, defendant is barred and estopped by its long acquiescence from obtaining the relief sought in Count III of the Counterclaim.

As and for a Third Separate Defense to Count III of the Counterclaim, Plaintiff Avers.

58. Plaintiff repeats and reavers the averments set forth in paragraphs 4-13 inclusive of plaintiff's complaint.

59. Plaintiff repeats and reavers the averments set forth in paragraphs 47, 48 and 49 herein as though here set forth in full.

60. By reason of the foregoing, defendant is barred and estopped by laches from obtaining the relief sought in Count III of the Counterclaim.

Whereas plaintiff demands judgment that the Counterclaim herein be dismissed.

M. M. ROBERTS,
(M. M. Roberts),
Citizens Bank Building,
Hattiesburg, Mississippi.

Attached to this instrument were photostatic copies of two letters from Standard Oil Company (Kentucky), dated June 26, 1961, one letter addressed to Esso Standard, Division of Humble Oil & Refining Company, 15 West 51st Street, New York 19, New York and to Standard Oil Company (Incorporated in New Jersey) 30 Rockefeller Plaza, New York 20, New York, and the other letter addressed to Humble Oil & Refining

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Company, Attention Mr. Thomas W. Moore, P. O. Box 2180, Houston, Texas, both letters reading as follows:

"Agreement dated July 5, 1956 between Esso Standard Oil Company, a Delaware corporation, and Standard Oil Company, a Kentucky corporation, as supplemented and amended

Gentlemen:

You are hereby notified that we have elected to, and do hereby, terminate the subject supply Agreement, as supplemented and amended, pursuant to and in accordance with the terms and conditions of Paragraph "II. Termination" of said Agreement.

We will thank you to acknowledge receipt hereof.

Yours truly,

STANDARD OIL COMPANY,

(Incorporated in Kentucky),

By W. C. SMITH,

President.

It will be seen that the real question involved is "does Humble have the right to use the Esso trademark in the 5-state area" and the answer to the question must be determined by a careful consideration of the contracts, the complaint, answer and cross claim and answer thereto, and all the evidence in the case, including all the exhibits and the statements against interest and the conduct of the parties in the construction of these contracts.

Kentucky admits that plaintiff is the owner of the trademark Esso, but Kentucky denies the right of plaintiff to use the trademark Esso in the 5-state area

and denies the right of Humble to open up filling stations and use the trademark Esso in connection therewith. There has been much litigation between the various Standard Oil Companies of the nation, but none similar to the issues here. In none of the other cases was a contract involved as is here. The contracts involved in the other litigation between other litigants are different in their terms.

Briefly, the historic background of the use of the separate Standard Oil Companies' trademarks goes back to the decree of the Supreme Court of the United States in 1911. The Standard Oil Company of New Jersey, the plaintiff herein, inherited the right to the Standard Oil name, as did the other Standard Oil Companies. The decree did not mention trademarks, but as a result of the decree there was created a number of entirely separate companies, each one operating under the same name, but taking certain areas of the United States where each began its operation.

Prior to the dissolution of the trust and since that time various abbreviations for "Standard Oil" came into use. The old Standard Oil of New Jersey was also known as the "S. O. Company", or "S.O. Co.", and these abbreviations remained with the Standard of New Jersey, as well as with the other companies. The trademark "S O" was registered by plaintiff in 1912. Later this mark was written as "Esso", which was also registered by the plaintiff on November 27, 1923, since which time and up until the present time the plaintiff has used the trademark in various forms in association with and to designate Standard Oil, and in the Eastern area it was generally known and recognized

as referring to Standard Oil of New Jersey. Various other Standard Oil Companies used abbreviations to designate Standard Oil, such as Sohio, meaning Standard of Ohio; Kyso for Standard of Kentucky; Socony for Standard of New York; and Calso for Standard of California.

Because of the various issues involved and the importance of the case, the Court permitted a wide latitude for the introduction of evidence and made rulings upon objections, as a general rule, as the case proceeded, and I now adhere to all of the rulings that were made upon the introduction of the evidence as is shown by the record. Counsel for plaintiff objected to the introduction of a public reaction test that was made by the defendant after this suit was filed. The Court overruled the objection and permitted the test to be received in evidence as being pertinent to the various issues, ruling that the objection went only to the weight of the testimony and not to its admissibility. Counsel for the plaintiff was given a standing objection to all testimony of that type or to any testimony tending to show confusion, on the ground that it was varying the terms of the written contract. The Court overruled other objections of plaintiff to documents and conversations had prior to the signing of the contract and adheres to the ruling heretofore made for the reason that the testimony is admissible to determine the surroundings of the litigants at the time these three contracts were made in order to grasp the intent of the parties in the light of circumstances existing at the time the contracts were made.

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Pre-trial discovery extended more than two years. Thousands of documents were reviewed. Kentucky's first response to the plaintiff's subpoena consisted of more than 65,000 documents. The testimony of 49 witnesses was taken at the hearing on an application for a preliminary injunction. The depositions of 144 witnesses were taken. The testimony of 189 witnesses, including the deposition testimony read to the Court, was taken in open Court and the parties stipulated to what the testimony of 286 other witnesses would have been if they had been produced. There were 750 exhibits mentioned at the trial.

In the construction of a contract of this type, and as far back as the contracts go, it is necessary for the Court to take into consideration the relationship of the parties and surrounding circumstances at the time of the making of the contract. Walker Mfg. Co. v. Swift & Co., 200 Fed. 529. If the contract is not ambiguous and is free of any fraud, undue influence or over-reaching, and is clear in its terms, then the intent of the contract is obtained from the language used by the contracting parties. E. F. Prichard Co. v. Consumers Brewing Co., 136 Fed. (2) 512.

Humble is a producing company, as well as a distributor of petroleum products, and owns and operates refineries, one of which is located at Baton Rouge, and various retail filing stations. Kentucky is not a producer and was not at the time of the making of any of the three contracts introduced in evidence, but acquired its products principally from Humble. The record shows that approximately 80% of its petroleum products were obtained by Kentucky from Humble.

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That was true prior to January 27, 1955, the date of the contract that is now in controversy. There was considerable negotiation and discussion before the contract was actually signed and after it was drafted in its present condition it was gone over by the attorneys for the litigants, as well as executives, paragraph by paragraph, and after a thorough consideration it was signed. Naturally it would be assumed that a contract of such importance and so far reaching would be thoroughly discussed and considered before execution. The relations between the parties at the time were unusually friendly. None of the executives or attorneys at that time had any fears about operations between themselves, but they were looking to the future and for the purpose of a clear understanding concluded to reduce it to writing, as is shown by the "Whereas" clauses of the contract.

The first "whereas" clause admitted the ownership of the trademarks listed, which included Esso, together with the GOOD WILL OF THE BUSINESS appertaining thereto. That language could not be expressed in clearer terms. The second "Whereas" clause admitted that for many years Kentucky had bought from Esso Standard and marketed such products in the 5-state area under the Esso Standard trademarks "WITHOUT GIVING RISE TO ANY CONFUSION WITH KENTUCKY TRADEMARKS, which during the same period have been actively used by Kentucky in the same states". (Emphasis added). The third "Whereas" clause distinctly admitted by both parties that it was their desire to set forth specifically the terms and conditions governing Kentucky's use of these Esso

Standard trademarks or any other Esso Standard trademark used thereafter by Kentucky in connection with the products supplied by Esso Standard.

From the above it is crystal clear that the parties desired to reduce to writing their agreement. The contract then states "Esso Standard and Kentucky agree as follows", then follows in ten numbered paragraphs the agreements which have heretofore been set out in full, but to show the reasoning upon which this opinion is based it is necessary to refer to certain paragraphs of the agreement.

It will be noted in paragraph numbered (1) that Kentucky admits the ownership and "The Exclusive Right to the Use of These Esso Standard Trademarks in the States of Alabama" and the others in this area. Kentucky further admitted the validity of the registration of the various trademarks and agreed that "while this agreement is in force nor at any time thereafter will it claim any right, title or interest in or to any of these Esso trademarks." Also, as a part of paragraph numbered (1), but a second paragraph of that caption, Kentucky agreed that all advertising by Kentucky referring to these trademarks would be conducted and made in such manner as not to impair or endanger Esso Standard's ownership of or right to use these trademarks in Alabama, Florida, Georgia, Kentucky and Mississippi during or after the termination of the agreement.

In paragraph numbered (2) Kentucky agrees to cooperate with Esso Standard in protecting the trademark, and in paragraph numbered (3) it agreed that

it would not sell or offer for sale products under trademarks; labels, etc. confusingly similar to any of these Esso Standard trademarks; and in paragraphs numbered (4), (5), (6), (7), (8), (9) and (10), set out in full heretofore, clearly tends to substantiate all of these agreements contained in these various paragraphs. Paragraph numbered (7) provided that it was personal to Kentucky and not assignable or otherwise transferrable. Paragraph numbered (9) partially might be quoted to emphasize the whole contract in that it says "Kentucky agrees also that any and all rights to the use of these trademarks as authorized 'by this agreement' shall upon the termination of the agreement revert to Esso Standard".

In construing this contract the Court has taken into consideration all of the pertinent evidence which may show the conditions surrounding the parties at that time, but the contract is so clear in its terms that evidence to vary the terms, or which tends to vary the terms, has no bearing. It is well settled that when the provisions of a contract are clear and the language chosen by the parties, when given its ordinary meaning and is not ambiguous, then the intention of the parties must be ascertained from the wording of the contract. Jacksonville Terminal Co. v. Railway Express Agency, 296 Fed. (2) 256; Ard-Dr. Pepper Bottling Co. v. Dr. Pepper Co., et al, 202 Fed. (2) 372; Roberts, et al v. Corum, et al. 112 So. (2) 550.

A contract involving a trademark is construed just as any other contract between the contracting parties. The same rules of construction are applicable to a contract of this type as would be applicable to the con-

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struction of any other type of contract. C.J.S. Vol. 87, Sec. 178, p. 513. This a trademark contract and not one of distributorship.

The contract of March 24, 1934 was received in evidence and is corroborative of the agreements that were contained in the contract of January 27, 1955. The contract was executed by Penola, Inc. and Kentucky, and by its terms defendant, Kentucky, was appointed the sole distributor in the 5-state area of Essomarine lubricants and other petroleum products supplied by plaintiff and its predecessor. The first "Whereas" clause of that contract provides: "Whereas Penola owns the Essomarine trademarks shown on the attached schedule "A" which is hereby made a part hereof together with the business and good will pertaining thereto;" The other "Whereas" clauses set out the desire of the parties to make the contract, etc., and the last "Whereas" clause provides that: "Whereas Penola and Kentucky wish to cooperate for the purpose of making said products available in said states under the Essomarine trademarks to all who may require them," and then "**it is agreed as follows:" There are eighteen paragraphs in the agreement, paragraph 17 reading as follows: "Upon the expiration or termination of this agreement Kentucky shall have no further rights to the use of said Essomarine trademarks and shall make no claim thereto or against the use thereof in said States by Penola or other duly authorized distributors of said Essomarine products."

The record shows that this contract was thoroughly considered by the parties before it was signed and it

is shown also on the face of the contract that it was thoroughly considered by reason of the fact that paragraph 4 as originally proposed was scratched out, except a certain part which was not eliminated and which is partially in handwritten form. Paragraph 8 shows in pen and ink that the word "sufficient" was changed to the word "reasonable". Paragraph 9 was completely eliminated. There are other clauses in the contract which emphasize the fact that these contracts were not entered into until after thorough consideration and study.

The second contract, executed on September 15, 1937, was between Standard Oil Company of New Jersey and Standard Oil Company (Kentucky) and was a contract by which plaintiff's predecessor granted to Kentucky the privilege of using in marketing and advertising the trademark Essotane in the territory where Kentucky now markets the trademark Essotane in the territory where Kentucky now markets petroleum products in connection with the sale of Essotane purchased by Kentucky from Jersey. Paragraph 4 of that contract reads as follows: "Kentucky agrees that it will make no objection to the use by Jersey or those authorized by Jersey to sell Essotane, or their customers, of said brand Essotane in connection with their sale of Essotane (commercial propane)." Paragraph 8 reads: "Kentucky agrees, and agrees to require its sub-distributors to agree, not to claim any right, title or interest in and to said trademark Essotane, during the life of or after the termination of this agreement."

All these agreements embraced the 5-state area involved here. There have been no written or oral mod-

ifications of these contracts. Prior to and since the execution of the 1955 contract plaintiff and defendant have spent millions of dollars advertising Esso products and emphasizing and promoting the trademark Esso. The two parties have built up a large good will, both parties having contributed to that, promoting a good will to the word Esso. This was in accord with the agreements and neither party complained about the advertising until after this lawsuit started. After the lawsuit had started the defendant, Kentucky, admitted it was using Esso in the 5-state area with the permission of the plaintiff. The advertisements of the defendant covered the various petroleum products and it is shown by the record that Kentucky advertised and sold Esso aviation gasoline under the 1955 contract.

When the parties are legally competent to contract and the terms of the contract are clear and unambiguous, it is the duty of the Court to enforce the contract as executed by the parties. Here the parties have executed an unambiguous contract, clear in its terms, in language chosen by them, and it is the duty of this Court to declare the rights as between the parties. Hazel Bishop, Inc. v. Perfemme, Inc., 314 Fed. (2) 399; California Packing Corpn. v. Sunmaid Raisin Growers of California, 64 Fed. (2) 370. These contracts were lawfully made and are not contrary to public policy. They are valid contracts, expressing in clear terms the stipulations of the contractors and they have a legitimate business purpose. Roth, Inc. v. Esquire, Inc., 186 Fed. (2) 11. In the Roth case the Court said that the contract provided for the joint use and protection of the trademark in one word

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"Esquire", the use of which might otherwise well be confusing. In the 1955 contract the parties defendant agreed that there was no confusion between the trademark Esso and those used by Kentucky. They were in position to know because they had been doing business with each other since about 1928, certainly as far back as the 1934 contract. The issue raised by the answer and counterclaim on confusion will be discussed later herein.

The pleadings in this case show definitely to a large extent, almost exclusively, that this is a contract case, not an action for trademark infringement or unfair competition. The answer and cross claim are based on trademark infringement and unfair competition.

Plaintiff is the owner of the trademark Esso, which was issued November 27, 1923, and has the exclusive right to use it in the territory where it has had its trademark registered and has used it, which is the Jersey territory and, in addition thereto, it has the right under the law to extend the use of its trademark by contract or by purchase, and that, of course, is what the plaintiff is contending and undertaking to do now. The law is well settled that the owner of a trademark does not have the right to extend his trademark into the territory of a competitor, where plaintiff has never done business, without getting the consent and authority of his competitor to extend the use of his trademark into other territory. Denison Mattress Factory v. Spring-Air Co., 308 Fed. (2) 403; Vermont Maple Syrup Co., Inc. v. F. N. Johnson Maple Syrup Co., 272 Fed. 478; E. F. Prichard Co. v. Consumers Brewing Co., 136 Fed. (2) 512, supra.

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It is a well settled principle of law that a person may estop himself by contract as well as by conduct or any of the other principles applicable to the doctrine of estoppel. In the present case Kentucky is estopped by the very language and terms of the contract, as well as by its conduct in joining with the plaintiff in advertising and promoting the sale of Esso products under the trademark Esso in the 5-state area. Kentucky was well aware of what it was agreeing to and with full knowledge thereof entered into the contract. No one required it to enter into the contract or made any false representations to it or perpetrated any type of fraud on Kentucky in entering into the contract. Had it not been a mutual contract, fully agreed to after the Missouri case hereinafter to be mentioned, the contract probably would not have been negotiated, but it is plain that each party to the contract desired its rights placed in writing. Without the contract the plaintiff could not have extended the use of the trademark Esso into the 5-state area under the Missouri case. However, Kentucky had no source of products other than purchasing them from Humble. Humble desired to extend its area and the parties being placed in this situation, with full knowledge of the Missouri case, understandingly entered into the 1955 contract, and by that contract, as heretofore stated, it granted to Humble the complete right to enter the 5-state area under the Esso trademark, with the full right to the use thereof. Kentucky now is estopped to say that Humble does not have the right to come into the 5-state area, open up its retail stations and otherwise engage in the sale of its petroleum products under the trademark Esso. Andrew Jergens v. Woodbury, Inc., 273 Fed. 952; affirmed, 297 Fed. 1016; certioari

denied, 260 U. S. 728; 31 C.J.S., Estoppel, p. 232, Sec. 55; Holly Hill Citrus Growers v. Htlly Hill Fruit Products Co., 75 Fed. (2) 17.

It is probable, and a fair inference from the testimony in this case, that the 1955 contract would not have been canceled by Kentucky had it not found a new source of supply of petroleum products and Humble would not have canceled the contract as long as it was selling 80% of its products to Kentucky. However, early in 1961, or prior thereto, Kentucky and California merged and California being a producer, would be able to supply all the petroleum products needed by Kentucky or California under the merged corporation and Kentucky let a contract for the construction of a large refinery of petroleum products in Mississippi.

Prior to the filing of this suit Kentucky gave notice to Humble that it would terminate the contract of purchase of products in accord with the terms of that contract, and this, of course, left Humble without any outlet for the 80% of the products that had theretofore been purchased by Kentucky. Humble soon thereafter gave notice to Kentucky that it would begin operations in the 5-state area and began to buy independent filling stations and erect filling stations of their own in this 5-state area and use the trademark Esso, and on June 14, 1961 filed this suit for a declaratory judgment, praying that the Court declare its rights under the contract, and as hereinbefore shown, alleged that Kentucky had served notice upon it that Kentucky would immediately file suit for infringement and damages growing out of the alleged unlawful use

of the word Esso by Humble. Defendant Kentucky denies that Humble has any right to sell gasoline and contends that the contract covered only lubricating oil, Propane, Butane, oils and greases, and that the contract did not cover gasoline, even though defendant sold aviation gasoline obtained from Humble in the 5-state area under the trademark Esso.

Kentucky relies largely, as its authority to dismiss the complaint and entertain its counterclaim, on the case of Esso, Inc. v. Standard Oil Company, 98 Fed. (2) 1, generally and usually referred to as the St. Louis or Missouri case, decided by the Court of Appeals for the Eighth Circuit in 1938. That case is not applicable to the facts of the case now before the Court. In that case no contract was involved, but it grew out of an attempt by Esso, Inc. to enter the area occupied and controlled by Standard of Indiana. Standard Oil of Indiana had made use of the trademarks "S O", "Standard Oil Co.", "Standard Oil", "Standard", and "Soco", and claimed that these trademarks were owned by the Indiana Company in the states where it operated and had actively engaged in business. Also, that the use of the word Esso meant the same thing as these other trademarks and, therefore, Esso, Inc. could not come into that territory. The case was filed in Missouri and went up to the Court of Appeals of that Circuit. I think that case has no bearing on the facts of the present case because the fair inference is, from the facts in this case, that Humble and Kentucky, by the 1955 contract, were undertaking to reach an agreement by which Humble could come in and operate in the 5-state area here involved.

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There are a number of other Standard Oil Company cases involving various trademarks as a result of the 1911 decision of the Supreme Court which have reached the higher Courts. There are at least ten other cases involving some trademarks connected with Standard Oil that have been litigated in various areas of the United States and may be some others. The ones I know now are: Esso Standard Oil Co. v. Standard Oil Company of New England (D.N.H.) 1958 170 F. Supp. 71; Standard Oil Company of Colorado v. Standard Oil Company (10th Cir. 1934) 72 Fed. (2) 524, cert. den. (1934) 293 U. S 620; Standard Oil Company of New Mexico v. Standard Oil Company of California (10th Cir. 1932) 56 Fed. (2). 973; Standard Oil Company of New York v. Standard Oil Company of Maine (D. Maine 1930) 38 Fed. (2) 677; Standard Oil Company of Maine v. Standard Oil Company of New York (1st Cir. 1930) 45 Fed. (2) 309; Standard Oil Company v. Michie, (E.D. Mo. 1929) 34 Fed. (2) 802; Standard Oil Company v. Standard Oil Company of North Dakota (D.N. Dak. 1954) 123 F. Supp. 227; Esso Standard Oil Company v. Standard Oil Company of North Carolina, Incorporated (M.D.N.C. 1956) 112 U. S. P. Q. 265; and Esso Standard Oil Company v. Bazerman (E. D. N. Y. 1951) 99 F. Supp. 983. These cases are cited, argued and urged by defendant Kentucky as being controlling in the instant case. I cannot agree with this contention.

It is a well known principle of law that practically every lawsuit must be decided in accord with its own facts and the applicable law. The case now before the Court presents entirely a different set of facts from those presented in the above styled cases. It is one

of the contentions of Kentucky that the reason Humble is attempting to expand its Esso name into different territory and into territories of the other Standard Oil Companies, is to obtain the advantage of the good will of the Standard Oil name and that if it is permitted to do so, the facts in the present record would leave no doubt that if plaintiff can succeed in this attempt, it will sweep across the country, literally creaming off the top of the good will of every other Standard Oil Company. This argument is not sound under the facts in this case. So far as the record shows, there is only the 5-state area involved and, as heretofore stated, Kentucky is estopped to deny the right of Humble to come into the 5-state area here involved. Humble has contract rights with Kentucky and it would be a clear breach of that contract to deny to Humble the right that Kentucky has conferred upon it.

The fair inference from all the testimony in this case is that Standard Oil of California, one of the largest oil companies in the United States and covering a large area, already is undertaking to expand its operations legally into new territory and Humble, another one of the largest companies in the United States, is undertaking to expand its territory, but only by lawful means.

The basic contentions of defendant are that the use by plaintiff of Esso as a trademark and trade name in defendant's territory is likely to, and does in fact, cause confusion, and that such use is an infringement of defendant's Standard Oil trademarks and constitute unfair competition. Kentucky further contends as part of those basic principles, that proof of actual confusion in this case is made and that the likelihood of

such confusion, should prevent the plaintiff from enforcing its contract. Defendant offered a large amount of testimony along these lines and plaintiff offered counter testimony in the nature of affirmative proof by witnesses who were not confused. Kentucky further contends that likelihood of confusion is established by proof that Esso sounds like and is derived from the letters "S O", which have long been used by the public as a designation of all Standard Oil Companies, and further contends that Esso has long been associated with Standard Oil and that plaintiff advertised extensively to the public for years that Esso means Standard Oil. In addition thereto, its public reaction test, as well as that there was proof from numerous members of the public who patronized Esso service stations of Kentucky, and further, that the Esso identification sign (Id) signifies the station to the motorist, which is the symbol which attracts him to the station. Kentucky also contends that confusion grew out of the similarity of credit cards which were issued by Standard Oil Company and those issued by Humble; also by some correspondence and by testimony that a station manager of an Esso service station in Biloxi instructed his employees what to tell customers who came into the station thinking they were dealing with Kentucky; also that the Standard Oil Company color scheme used by plaintiff contributed to confusion. Kentucky also urges and insists that the fact that the defendant has purchased from plaintiff and resold at its service stations and sales organizations lubricating waxes and solvents bearing the Esso brand does not give plaintiff the right to use that brand in defendant's Standard Oil Company territory independently of defendant and without its permission Kentucky further

contends and urges that the contract of 1955 did not mean, and it was not the intent of the contract, that when the contract was terminated Humble would have the right to use the Esso trademark for the sale of gasoline in the 5-state area, and under this above mentioned contention it urges the Court that the complaint should be dismissed and the cross complaint sustained.

The test for trademark infringement and unfair competition is whether the alleged offending use is likely to cause confusion, or whether deception will be the probable result of the offender's improper use. It may be said that the general rule is that unfair competition of trademark infringement exists if the marks are "likely" to mislead the ordinary buyer and induce him to purchase the goods of one in the belief that they are those of another. 52 Am. Jur. 600-601, Trademarks, Trade Names, etc., Sec. 128. Also, C.J.S. Vol. 87, pp. 283-285, pp. 325-333, Trademarks; Abramson v. Coro, Inc., 240 Fed. (2) 854; Esso, Inc. v. Standard Oil Company, 98 Fed. (2) 1, In the case of American Photographic Publishing Company v. Ziff-Davis Publishing Company, 135 Fed. (2) 569, the Court held that when ordinarily prudent buyers are not misled no relief is warranted and none would be granted; that if confusion is more properly attributable to carelessness on the part of the customers, then no complaint can be made of confusion. See also Turner & Seymour Mfg. Co. v. A. & J. Mfg. Co., 20 Fed. (2) 298, wherein, among other things, the Court said:

"It is not necessary for a merchant to so designate his goods that careless buyers will know by whom they are made and sold.***

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"When attention of the purchaser of the article will enable him to at once distinguish one from the other, a Court of equity will not interfere. ****"

One of the main contentions of the defendant is that the contract of 1955 was not intended by the defendant to convey to the plaintiff the right to use the trademark Esso independently in defendant's marketing area. With this contention I cannot agree. The contract specifically gave the plaintiff permission to use Esso in the 5-state area and is clear in its terms; it was thoroughly considered by the parties before its execution and at the time it was executed both parties, Kentucky and Humble, knew that the good will built up by the trademark Esso was a valuable asset. They knew that by the St. Louis decision Esso had been adjudicated to be synonymous with Standard Oil: they knew that the plaintiff was the exclusive owner of the trademark Esso and had the right to contract with defendant for defendant to use that mark in the 5-state area, and they knew that plaintiff did not have the right to use it wothout the consent of Kentucky, and both parties were represented by eminent counsel, as is shown by this record. With the full knowledge of these important facts, as well as the friendly relationship existing between them, and with the full knowledge of the 1948 decision. they advisedly entered into this contract, the terms of which speak for themselves.

As heretofore stated, Kentucky was entirely a marketing company of petroleum products. Humble was a large producer of petroleum products and for years Kentucky had obtained its supplies of petroleum products from Humble. The trademarks Standard Oil and

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Esso are well known trademarks, and each one carries a high reputation for production and distribution of high grade petroleum products. By the contract they recognized that Kentucky had marketed products purchased from Esso Standard in this particular area involved and without giving rise to any confusion on these Esso trademarks with any of Kentucky's trademarks, and agreed that Esso Standard had the right to use the trademark during the pendency of the contract, as well as after its termination, and specifically agreed hat Kentucky would so conduct its business as not to impair Esso Standard's ownership or right to its use in this particular area, and agreed that they would cooperate in protecting plaintiff's use of the Esso trademark. I have heretofore stated these facts, but repeat them here for emphasis in showing that they knew exactly what they were agreeing to. The last paragraph stated: "Nothing contained herein shall be construed to limit or restrict the right of Kentucky to sell petroleum or other products under trademarks, labels and markings not confusingly similar to these Esso Standard trademarks, labels and markings." This paragraph, of course, was thoroughly considered along with all the others and by its terms reserved to Kentucky the right to sell products under its own trademarks as long as they were not confusing and I am unable to see where the trademark Standard Oil would be confused with the word Esso trademark.

Under this contract Humble has the right to use its trademark Esso while Kentucky has the right to use its trademarks Standard Oil, So, etc., as they are not confusing and not likely to produce any confusion

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among the public travelers using due care and observation, and also as long as there are other distinguishing marks on the stations. There have been many, many exhibits showing pictures of the various filling stations used by Humble and those used by Kentucky. Kentucky is prominently identified by its "Id" sign Standard Oil or Standard Oil Company, or Crown, while Humble identifies its Esso stations by the use of the trademark Esso and in large letters placed on its stations: Humble, and in large letters, Happy Motoring. Humble has made no effort to simulate the stations of Standard Oil, but on the contrary has exercised proper care to distinguish its filling stations from Standard Oil. While there is some phonetic similarity between the words Esso and the trademark S.O., yet the sound when pronounced is not entirely the same. In pronouncing the word Esso emphasis is on the "ES" and it has a different sound from that when pronouncing or speaking the trademark S.O. or SO, and in looking at them, there is no similarity. The photographs show clearly that a motorist exercising a slight degree of observation can see the Standard Oil sign and realize that it is the Standard Oil sign. If he sees the Esso sign and is really looking for a Standard Oil station, by reasonable observation, as he drives to the station, he readily can see that it is a Humble station and should not be confused.

Defendant urges that after the execution of the contract that plaintiff did not mention or suggest that the subject matter of the agreement was the right of the plaintiff to use its trademark Esso independently of defendant, and that plaintiff knew that defendant was

selling goods under the Esso brand and that the naked licensing of the trademark could work an abandonment. Definitely there was no abandonment or any intention to abandon. As a matter of fact, there was no necessity for plaintiff to bring up the discussion of its right to use the trademark Esso independently, because plaintiff was satisfied to work under the contract as long as Kentucky was getting 80% of its petroleum products from the plaintiff. It is shown in the record that defendant complained to plaintiff that one of plaintiff's distributors in Tennessee was going into Georgia and selling products under the Esso brand and when Kentucky complained of this, plaintiff wrote to its manager in Tennessee that he must discontinue the use of the Esso trademark in connection with such sales in Georgia. Also, in 1957 plaintiff's counsel advised its operating people not to use the trademark Esso in advertising on commercial vehicles passing through the 5-state area, as well as many other statements against interest, all of which I have taken into consideration, but am of the opinion that these statements and occurrences are not sufficient to justify setting aside the contract. Both parties were completely satisfied with the contract until Kentucky decided to merge with California and gave notice of the cancellation of the contract. It was then that this controversy arose, resulting in this lawsuit for a determination of the meaning of the 1955 contract.

Kentucky further urges with emphasis that it was not the intent of the contract to permit plaintiff to come into the 5-state area because of a letter sent by plaintiff to its stockholders in 1960. In this letter Mr. Rathbone, President of Jersey Company, had this

to say: "Were we to use the Standard Oil or the Esso name in NATION WIDE MARKETING (emphasis mine) activities, this would in all liklihood precipitate further controversy with the non-affiliated Standard Oil Companies operating in other parts of this country." Even this language does not admit that there would be confusion or infringement, but is an expression of his opinion, with which I agree, that if it was used nationwide it would precipitate a lawsuit, probably several of them, but is not an expression of an opinion or statement of fact that throws any light on the construction of the 1955 contract. This letter was writtein at a time after Humble and Jersey had consolidated.

There are a number of matters urged by Kentucky, all of which I have considered along with the entire evidence in the case in reaching a construction of the 1955 contract, and my failure to call attention to all of them in detail does not negative the fact that I have considered them thoroughly.

There are two contentions which I should discuss. One is that Kentucky urges that there was no consideration for the contract. With this I cannot agree. There was a substantial consideration in that the plaintiff permitted Kentucky to use the trademark Esso in the area and spent large amounts of money along with Kentucky in advertising the products, which was a very valuable right to the defendant. The promises were mutual and each party profited millions of dollars by virtue of the contract. The consideration was ample. The next contention that should be discussed is that the testimony in the case shows that defend-

ant's Board of Directors was not advised by Mr. Violette that the agreement had been executed, thereby giving the Board of Directors an opportunity to pass on the wisdom of the contract, and that the burden was upon the plaintiff to require approval of the agreement by the Board of Directors. With this contention I cannot agree. The testimony shows that the contract was thoroughly discussed, page by page, and was approved by Mr. Violette, President of Kentucky, and by Mr. Scholl, Vice President of Jersey, and this is a matter that was in the general scope of the powers of the President. The entire record shows that Mr. Violette was a very capable executive and highly respected by everyone, and that he and the executives of plaintiff had implicit confidence in each other. There is not a hint in the entire record that Mr. Violette was not capable or was not acting in the best interest of his company, and that at that time he was acting within the general powers of the President of a corporation. The record further shows that in 1954 Mr. R. H. Scholl, who was General Counsel for plaintiff, went to Louisville to discuss the problem with Mr. Middleton and Mr. Violette. The record shows that other correspondence and meetings occurred, but that finally the contract was drafted by Mr. Paust and sent to Kentucky, and that soon thereafter it was gone over and studied paragraph by paragraph, and then signed on the 27th of January, 1955 by Mr. Scholl and Mr. Violette, and the contract is headed as hereinbefore noted "Trade Mark" "License Agreement". The caption above of the contract shows that the subject matter of the contract, to a large extent, was that of expressing in writing the intent of Humble and Kentucky concerning the various

trademarks of the two companies, and more than once in the contract it is agreed that plaintiff has the right to use its trademark in the 5-state area, naming the area, during the existence of the contract and then after its termination. Mr. Violette is dead, as well as Mr. Middleton and some of the others who participated in the discussion of the contract. While the Court must construe such a contract in the light of all the surrounding circumstances, yet it cannot change the language chosen by the parties who executed it.

The canons of construction of contracts are set forth in Restatement of Contracts, Section 236 (a), (b), (d) and (f) and without quoting them, (a) reads: That an interpretation that gives a reasonable, lawful and effective meaning to all manifestations of intentions is preferred to one which leaves a part of such manifestations unreasonable or unlawful. Certainly, one reading the 1955 contract could not see there is anything unreasonable or unlawful about it. Its intent is clearly expressed. (b) reads: That the principle, apparent purpose of the parties is of great weight in determining the intention of the parties. (d) provides: That where words or other manifestations of intention bear more than one reasonable meaning, then an interpretation is preferred that operates more strongly against the parties from whom they proceed. (f) provides: That where public interest is affected an interpretation is preferred which favors the public. The contract as drawn complies with all of these canons. There is nothing in the contract that is unlawful or contrary to public policy and does not affect the public. It is an agreement between the parties which they have a right to make and the public cannot complain un-

less such a construction would lead to the confusion of the public. The public, when exercising reasonable diligence and due care, is not likely to be confused by the carrying out of the contract entered into in January, 1955.

On the subject of confusion, while there is testimony that many customers were confused by the use of the trademark Esso and by the credit cards, yet a large majority of this confusion is brought on by Kentucky in failing to carry out the intent of the contract that it would use its best efforts to prevent confusion from arising from the agreement. It agreed at the time of the writing of the contract that there was no confusion and not likely would there be any. Kentucky should have taken proper steps in its advertising and display of the signs to indicate to the traveling public that it was selling products of Esso Standard Company. This it did not do, but it and plaintiff, both in accord with the intent of the contract, cooperated in promoting the sales and advertising of Esso products, but Kentucky did not sufficiently advertise or display signs that it was using Esso trademark by virtue of a contract. If the owner of a trademark permits another to distribute the goods of the owner, bearing the trademark, in the territory in which the owner's trademark had not theretofore been used, the use of the trademark in such territory by the distributor is for the benefit of the owner of the trademark, and the owner of the trademark is not estopped from selling goods under his trademark or from asserting his right thereto in such territory after the termination of the distributorship. E. F. Prichard Co. v. Consumers Brewing Co., 136 Fed. (2) 512, supra. Kentucky placed its oil racks be-

tween the gasoline pumps at practically every filling station, which containers bore the Esso oval very prominently, and sent advertising of Esso products to its credit card holders in large numbers. Moreover, it distributed road maps advertising the availability of Esso products to many persons throughout the country. In the 5-state area on defendant's stations it advertised Esso products and advertised its automotive and aviation gasoline in radio commercials, as well as in various publications.

Defendant asserts another contention to the effect that if plaintiff's interpretation of the 1955 agreement is correct, then it is contrary to public policy, and violates the criminal laws of the states. The Court has considered the contract, the authorities, the evidence and the laws of the five states and is of the opinion that such a contract does not violate the criminal laws of either state and is not a void contract because of the violation of any laws or public policies. There is no intent on the part of plaintiff to deceive the public in disposing of its products under its trademark Esso. It is doing only that which it has a right to do and doing it in a manner agreed to by the defendant by the contract so many times referred to. The products it is selling or distributing are products of its own manufacture or production. The use of its trademark is not misleading. Plaintiff is not estopped to deny that Esso is the equivalent of Standard Oil. It is true that Esso has a semblance of sound to that of "S.O.", but there is no semblance to the naked eye as one drives down the public highways. When he sees the sign of Standard Oil he can easily determine whether or not it is an Esso station or a Standard Oil station. If he sees the

sign Esso, then as he approaches the filling station he will see the signs Humble and Happy Motoring and he can easily determine whether or not it is a Standard Oil station or an Esso station.

Plaintiff was a party to the St. Louis suit where the Court held that Esso is the equivalent of Standard Oil or, vice versa, Standard Oil is the equivalent of Esso, yet the facts in that case, as heretofore discussed, are entirely different from the facts in the present case. It would be true that plaintiff would be estopped by judgment and is estopped by judgment in the Indiana territory, but not in the 5-state area where defendant has consented and agreed that plaintiff was entitled to use its trademark Esso in the 5-state area. This is a matter of contract and there is nothing contrary to public policy that would prevent the plaintiff and the defendant, for mutual considerations, exchanging the use of their trade names or trademarks. By the terms of the contract Kentucky has consented or given its permission that plaintiff could use its own trademark in the 5-state area.

Defendant contends that plaintiff's Federal registrations of Standard Oil and Esso should be amended. Defendant is estopped to raise this question because by its contract it agreed that they were valid, legal and properly registered. Defendant is not in position to raise this question. Defendant has used the trademark Esso in the 5-state area in the sale of Esso products by virtue of the contract, which it could not have done had it not been for the contract. Its use over a period of years and its definite agreement that the trademarks were properly and lawfully registered precludes it from now complaining.

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In 1954 when Mr. Middleton wrote plaintiff's General Counsel he stated: "When you were here on your very pleasant visit we agreed that it would be better for all concerned if you withdrew your trademark registration Standard in the state of Georgia." This was one of the things leading up to the 1955 contract, because on March 25, 1954 plaintiff's General Counsel wrote Mr. Middleton commenting on the substance of the proposed contract as follows: "It was agreed that we would draw up an agreement under which the Kentucky Company could further recognize our ownership and right to use the various brands under which our products are now sold. We agree to cancel certain old registrations of the word Standard which have been of record for many years under which the Kentucky Company markets, even though we have no use of this trademark in those states." The registration of Standard was shortly thereafter canceled. Mr. Violette was the proper man of Kentucky to deal with in reducing to writing the accepted understandings. He was thoroughly familiar with all the affairs of Kentucky and the record shows he was a man of strong mind and determination. As shown by the testimony of Mr. Gaylord, of Kentucky, Mr. Violette kept himself very thoroughly informed on every department. The surviving person involved in the final registrations of the 1955 contract is Mr. Paust and Mr. Paust is the one who drafted the contract and sent it to Mr. Middleton for discussion with Mr. Violette. Mr. Paust testified that every clause was discussed in some way, —either they had a question which he answered or Mr. Middleton or Mr. Violette might have asked him something about which he had a comment, but he could not remember the details. The fair inference is

that if it had been the intent to limit the phrase "to use" the trademark in the 5-state area, it would have been so simple to say that they would not have the right to open up filling stations and sell their petroleum products, except on motor oils or greases, or words to that effect, and with the long time opportunity of Kentucky executives and attorneys to study the contract they put no limitation on the words or clause. The record shows that Mr. Middleton and Mr. Violette required no changes in the agreement, although they had had the working draft before them for about ten days.

Wherever it has come to the plaintiff's attention that third parties were using Esso trademark in the 5-state area it vigorously objected and prosecuted the violations, without Kentucky doing anything with reference to its trademarks, but Kentucky referred them to Esso.

In the early 1950's, during the widespread use of Esco by Economy Service Company on identification signs and petroleum products, defendant's counsel, Mr. Dana Brown, wrote Mr. Utley: "You understand, of course, that any action taken in this case must necessarily be taken by Esso Standard Oil Company, the owner of the trade name Esso. Mr. Middleton referred this matter to Esso Standard Oil Company sometime ago." And the same thing happened with reference to such advertising in the Miami Telephone Book Yellow Pages.

The fair inference from all the testimony is that prior to entering into the contract of 1955 Kentucky

feared competition from outside sources coming into the 5-state area under their own legal trademarks and in order to insure a source of supply from the Humble Oil Company, it concluded it would execute a contract with Humble in order to have a supply from Humble. It feared that if Humble should discontinue the supply, then Kentucky would have no source from which it could procure its products. If Kentucky had declined to enter into the contract in 1955 or if Humble had found other outlets for its supplies and refused to sell to Kentucky it would have been a terrific blow to Kentucky. Kentucky then would have had to shop around for supplies of other producing companies, which companies under their own trademarks could have come into Kentucky's territory. Kentucky not being a producer, was compelled to get its supplies from some source. It could go to Gulf or to American or Shell or any company having a refinery and obtain its supply, but there would be nothing to prevent either of these companies coming into Kentucky's territory under their own trade names, and if such companies did so, then under certain circumstances arising from such a situation, Kentucky's profits could be greatly reduced. However, regardless of what prompted Kentucky and Humble to enter into the contracts, and particularly the 1955 contract, they did enter into it, they chose the language placed in it and consummated it by signing. The enforcement of the contract only brings Humble into the territory as a competitor under its own trademark Esso and its own name Humble and Happy Motoring or any other of its trademarks containing the word Esso.

Humble operating under its trademark Esso will not be unfair competition since Kentucky has agreed to it,

and there will be no confusing of the public as long as each company endeavors to prevent any confusion, and as operated now the confusion is so slight that it is insufficient to overcome the plain meaning of the contract. Kentucky operating under its trademark S.O., SO, Kyso or Standard Oil will certainly not be confusing to the public to the extent of causing the public to believe that they are selling Esso products. Defendant has failed to meet the burden cast upon it to show that its service stations in the area are known and recognized by the distinctive color scheme of predominantly red, white and blue in color and that the plaintiff had unfairly competed with it by using an allegedly similar color scheme for its service stations in the 5-state area. The evidence is insufficient to find that Humble adopted a color scheme similar to that of Kentucky, and I find as a fact that there was no intent or purpose by the plaintiff to do this. As a matter of fact, the evidence shows that up until the time the lawsuit was filed, defendant's service stations in some areas were painted a variety of colors other then red, white and blue. On some of its stations they had red, white and green. The color scheme of red, white and blue is used in the 5-state area by other companies as well as by Kentucky and Humble. The photographs in evidence demonstrate clearly that no one could be misled by any color scheme of any company. There is no liklihood that there will be any confusion caused by plaintiff's use of its trademark Esso for its service stations in the 5-state area, nor any likelihood that any combination of the color scheme of red, white and blue will contribute to any confusion to the traveling motorist who exercises due care to find the products he desires.

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Both plaintiff and defendant contend that the other has come into Court with unclean hands and for that reason their complaints should not be entertained by the Court. With this I cannot agree. The doctrine of unclean hands does not apply to plaintiff or defendant in this case. The doctrine of unclean hands is enforced by Court of equity when the suitor asking for relief has been guilty of intentional conduct so violative of "fundamantal conceptions of equity jurisprudence" as to justify a Court of equity in refusing to grant the relief sought. 2nd Pomeroy's Equity Jurisprudence, p. 91, Sec. 397 (5th Ed.); 4 Collmann, Unfair Competition and Trademarks, 1747, Sec. 87.1(b) (1) (2d Ed. 1950) Coca Cola Co. v. Koke Co., 254 U. S. 143. This lawsuit is brought by plaintiff by virtue of a contract and it is defended by Kentucky with its contentions and there is nothing in the record to indicate that either one is dealing in bad faith, but the lawsuit was begun and prosecuted in good faith and Kentucky answered and counterclaimed in good faith.

Kentucky further contends that plaintiff's Federal registrations of Standard Oil and Esso should be amended for the reason that the registrations assert rights to use Standard Oil and Esso throughout the country without any geographic limitation and that false representations were made in the procurement of the registration of these trademarks. With this I cannot agree. There was not any intent to infringe on anyone's trademarks by this registration and for the further reason that Kentucky specifically agreed in its contract of 1955 that all trademarks were valid and properly registered.

The issues in this case, considered in the light of the record as a whole, raise a proper case for a

declaratory judgment, contracts are involved, trademark law is involved, diverse contentions of the parties are involved concerning a very valuable right, and it is appropriate that the parties submit their grievances to the Courts for a declaration of the rights of the parties. I am of the opinion, and so find, that the plaintiff is entitled to an adjudication of its rights and that the contract of 1955 is valid, legal and still subsisting, and that the plaintiff has the right to come into the 5-state area involved and use its trademark Esso in the area and dispose of its petroleum products in wholesale or retail, but that it must exercise care in using it in such way that it will not cause any deception to the public. Using it as it does now, as shown by this record, would not be deception, and further declaring that plaintiff is not and has not been guilty of any deception or unfair competition, nor has it infringed on the trademarks of Kentucky, and that at no time has it had any intent to infringe the trademarks of Kentucky or to engage in any unfair competition, and that the cross claim of Kentucky should be dismissed. Since this is a controversy for a declaratory judgment to declare the rights of each party under the contract, plaintiff should be taxed with all costs that accrue at its instance and defendant should be taxed with all costs that accrue at its instance and no attorneys' fees will be allowed.

In addition to the findings of fact made in the foregoing opinion, I also make the following findings of fact and conclusions of law:

1. Standard Oil Company, defendant-counterclaimant (hereinafter referred to as defendant), is a corporation of the State of Kentucky with its offices and

principal place of business located at Starks Building, Post Office Box 1446, Louisville 1, Kentucky. References to plaintiff and defendant include their predecessors, affiliates, parent corporations and other subsidiaries thereof.

2. Humble Oil & Refining Company, plaintiff-counterdefendant (hereinafter referred to as plaintiff), is a Delaware corporation with its offices and principal place of business located at 1216 Main Street, Houston, Texas.

3. This is a civil action arising between citizens of different states wherein the amount in controversy exceeds the sum or value of Ten Thousand Dollars ($10,000.00), exclusive of interest and costs, and this action also arises under the trademark laws of the United States, Title 15 U.S.C., Sections 1051 et seq., and under the Judicial Code, Title 28 U.S.C., Section 1338.

4. Defendant is and has long been engaged in the business of leasing, licensing, and operating automotive service stations and in the business of selling gasoline and other petroleum products and motor vehicle services in the States of Mississippi, Alabama, Georgia, Florida, and Kentucky.

5. As of March, 1963, defendant had 8,210 retail outlets, namely, 1,222 in Mississippi, 1,737 in Alabama, 1,923 in Georgia, 1,538 in Florida, and 1,790 in Kentucky.

6. In 1886 defendant adopted the corporate name and business style "Standard Oil Company" and con-

tinuously since then defendant has been known by the trade and public throughout defendant's area as "Standard", "Standard Oil", and "Standard Oil Company."

7. Until 1911, defendant, like the other "Standard Oil" companies, was owned and controlled by plaintiff's parent company, but in 1911 the United States Supreme Court affirmed the decree of dissolution of the "Standard Oil" trust (221 U. S. 1).

8. Like all the other non-affiliated "Standard Oil" companies, defendant, in addition to its use of "Standard Oil Company", "Standard Oil" and "Standard", has for many years used, and now uses, abbreviations and derivations of "Standard Oil" in the conduct of its business such as "SO", "Soco", "Soky", "Ky So," and "Kyso", but not to the same extent as "Standard Oil".

9. The service stations which defendant leases, licenses and operates in its area, and the products and services at said stations, are identified and known by defendant's "Standard Oil" names, service marks and trademarks.

10. Defendant's sales of services, gasoline and other petroleum products have been under defendant's "Standard Oil" names, service marks and trademarks and said sales have been in large and substantial amounts continuously and annually for many years past and have totaled many billions of dollars in value. However, by contracts with plaintiff it has used plaintiff's trademark Esso in the 5-state area.

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11. Defendant's sales of gasoline and other petroleum products exceed that of any other marketer in defendant's area.

12. Defendant, since long prior to 1920, has developed, acquired and maintained a good will of great value in its area, said good will being represented, identified and symbolized by defendant's "Standard Oil" names, service marks and trademarks.

13. Defendant has continuously and extensively advertised and promoted its "Standard Oil" services, service stations, gasoline and other petroleum products throughout its area in various media with large and substantial expenditures amounting to many millions of dollars. Since the 1955 contract plaintiff and defendant have advertised plaintiff's trademark Esso and both have contributed largely to building up the good will.

14. In 1948, in order to achieve maximum publicized association of "Standard Oil" with "Esso", plaintiff changed its name from "Standard Oil Company of New Jersey" to "Esso Standard Oil Company" and plaintiff continued to market in its area under the name of "Esso Standard", either as a corporate name or as a division name, until after the commencement of this action by plaintiff.

15. Plaintiff marketed and advertised under the name "Esso Standard" from 1948 until after the commencement of this action during which time plaintiff continuously associated Esso with Standard Oil on its service station identification signs reading "Standard Esso Dealer" and on radio and television programs.

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16. For awhile plaintiff advertised on radio, television and in other media that "Esso Is Standard Oil" and that "Esso Means Standard Oil" as illustrated by large billboards erected by plaintiff during the years 1946 through 1951 reading "Welcome To Tennessee Where Esso Means Standard Oil", "Welcome To Louisiana Where Esso Means Standard Oil" at state entrances on some highways leading out of the 5-state area into plaintiff's contiguous "Standard Oil" area.

17. Following the dissolution of the "Standard Oil" combine in 1911 there developed a custom and practice in the industry whereby each non-affiliated "Standard Oil" company used non-Standard Oil names and trademarks when marketing in the "Standard Oil" area of another.

18. Plaintiff has obtained and maintained the following registrations of the trademarks Standard, Standard Oil and Esso in the United States Patent Office, none of said registrations being limited to areas of plaintiff's use:

Trademark	Reg. No.
Standard	155,910
Standard Bar & Circle	224,804
Standard	160,350
Standard Bar & Circle	211,361
Standard Bar & Circle	227,457
Standard Bar & Circle	227,458
Standard Bar & Circle	228,002
Standard Oil Company (New Jersey)	154,846
Standard Oil Company (New Jersey)	155,909
Standard Oil Company (New Jersey)	155,911
Standard Oil Company (New Jersey)	160,347

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Trademark	Reg. No.
Standard Oil Company of New Jersey	336,988
Standard Oil Company of New Jersey	337,835
Standard Oil Company of New Jersey	338,114
Standard Oil Company of New Jersey	338,892
Esso Care Saves Wear	398,713
Esso	347,466
Esso	354,294
Esso & Design	353,972
Esso & Design	347,467
Esso	347,535
Esso	341,347
Esso	282,257
Esso	280,830
Esso	258,648
Esso	220,294
Esso	176,408

19. Prior to 1932 defendant marketed certain branded motor oils purchased from plaintiff in containers bearing plaintiff's Standard Oil "Bar and Circle" trademark (which trademark was registered in the Patent Office by plaintiff).

20. Plaintiff has used its trademark Esso, or words containing Esso, for many years in its original eighteen-state "Standard Oil" area, but plaintiff's use of Esso in said area is long subsequent to defendant's use of its Standard Oil names and trademarks in defendant's area.

21. In the early 1950's, when defendant began canning and packaging lubricants which defendant purchased in bulk from plaintiff, plaintiff grew concerned that its rights in its various trademarks, including

Esso and words containing Esso, might conceivably be invalidated unless it provided for, and exercised, sufficient supervision and control over defendant's use of said trademarks in defendant's new canning and packaging operation.

22. In 1958, immediately following defendant's objection to plaintiff's use of Esso on cans of Flit insecticide marketed by plaintiff independently in defendant's area, plaintiff withdrew its corporate qualification of "Esso, Inc." in each state of the 5-state area and discontinued use of "Esso" in any respect on all new Flit packages and containers and in all of its Flit advertising in the 5-state area.

23. At the time of plaintiff's reorganization in 1960 plaintiff applied its corporate signature "Humble Oil & Refining Company" to cans of Esso motor oil shipped to defendant in an attempt on the part of plaintiff to identify Esso with "Humble Oil" in defendant's area rather than with "Standard Oil", but defendant observed this change in the packaging and promptly objected since defendant did not wish to promote a name in its area which, unlike Esso, defendant expected plaintiff to use some day when marketing independently in defendant's area.

24. Both plaintiff and defendant have zealously policed their names and trademarks against infringements.

25. Some independent dealers of defendant have displayed homemade signs at their stations advertising the fact that they honor "Esso credit cards" or that

they sell "Esso motor oil", and in a few instances said dealers have displayed the word Esso in unnecessarily large letters.

26. Immediately following the filing of the present action for declaratory judgment, plaintiff proceeded with the opening of Esso stations in the 5-state area and changed its "Oklahoma" stations in defendant's area to "Esso" stations.

27. The pole or "ID" sign near the highway, road or street is the principal means of identification of service stations and it is the sign the public principally relies upon when seeking the station of a particular company.

28. By the three contracts the parties intended and agreed that plaintiff should have the right to sell petroleum products of any and every kind, including marine lubricants, commercial propane, oils and greases of various types, and gasoline, under the trademark Esso and other trademarks which include Esso in the 5-state area directly and not through defendant.

29. Plaintiff is the owner of the following United States trademark registrations, among others, for petroleum products of various kinds, which were issued by the United States Patent Office:

Trademark	Registration Number	Date of Issuance
Esso	176,408	Nov. 27, 1923
Essolube	285,285	July 21, 1931
Cylesso	305,424	Aug. 15, 1933

Trademark	Number Registration	Issuance Date of
Valesso	305,428	Aug. 15, 1933
Teresso	305,438	Aug. 15, 1933
Essomarine	307,919	Nov. 14, 1933
Esso-Mar	316,711	Sept. 4, 1934
Solvesso	318,870	Nov. 6, 1934
Solvesso	318,875	Nov. 6, 1934
Essotex	323,839	May 7, 1935
Essotex	324,244	May 14, 1935
Solvesso	324,419	May 21, 1935
Essorod	325,486	June 25, 1935
Spinesso	325,863	July 9, 1935
Essotane	331,486	Jan. 7, 1936
Esso in Oval	347,466	June 29, 1937
Esso in Oval	347,467	June 29, 1937

30. United States trademark registrations of Esso, including Nos. 176,408, 347,466 and 347,467, which are specifically set forth in the 1955 contract, have been renewed in the name of plaintiff and are now owned by plaintiff. Registration No. 176,408 covers all of the products which are described as follows:

"Refined, semirefined and unrefined oils made from petroleum, both with and without admixture of animal, vegetable or mineral oils for illuminating, burning, power, fuel and lubricating purposes, and greases."

Registrations Nos. 347,466 and 347,467 both also cover respectively:

"Refined, semirefined and unrefined oils made from petroleum, both with and without admixture of animal, vegetable or mineral oils, for illuminating, burn-

ing, power, fuel, and lubricating purposes, and lubricating greases."

31. Plaintiff is the owner of the following trademark registrations for petroleum products of various kinds which were issued by the Department of State of the State of Mississippi:

Trademark	Date of Issuance
Esso	Mar. 10, 1928
Esso	July 1, 1938
Esso in Oval	July 1, 1938
Essotane	July 1, 1938

The goods for which Esso was registered were not described in the registration of March 10, 1928.

In the registration of July 1, 1938, Esso was registered for "fuel and lubricating purpose, and petroleum products in general", which cover gasoline; and a renewal of the said registration, to wit, that of March 5, 1963, specifically includes gasoline.

Likewise, in the registration of July 1, 1938, Esso in Oval was registered for "fuel and lubricating purposes, and petroleum products in general", which cover gasoline; and both renewals of the said registration, to wit, those of April 15, 1953, and March 6, 1963, respectively, specifically include gasoline.

32. Plaintiff is the owner of the following trademark registrations for petroleum products of various kinds which were issued by the Department of State of the State of Alabama:

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Trademark	Date of Issuance
Esso	Jan. 24, 1928
Essolube	Jan. 23, 1935
Essotane	Sept. 11, 1937

The foregoing registrations, for which no renewals are necessary, do not describe the goods for which the respective marks thereof are registered.

33. Plaintiff is the owner of the following trademark registrations for petroleum products of various kinds which were issued by the Department of State of the State of Florida:

Trademark	Date of Issuance
Esso	Dec. 1, 1928
Essolube	Jan. 21, 1935
Essotane	Sept. 11, 1937

The goods for which Esso was registered were not described in the registration of December 1, 1928. However, in the renewal of the said registration, to wit, that of February 25, 1958, the goods described include "oils and greases"; and, since gasoline is an oil made from petroleum for power or fuel purposes, the Court finds that the goods described in the said renewal cover gasoline.

34. Plaintiff is the owner of the following trademark registration for petroleum products of various kinds which was issued by the Department of State of the State of Georgia:

Trademark	Date of Issuance
Esso	Nov. 16, 1928

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The goods for which Esso was registered in the registration of November 16, 1928 are described as follows:

"The class of merchandise upon which the same has been and/or is to be used is:—Refined, semirefined and unrefined hydrocarbons, liquid gaseous and solid, both with and without admixture of animal, vegetable and/or other mineral substances, for illuminating, burning, fuel, power, solvent, and lubricating purposes, including greases and other petroleum products and derivatives of various kinds, including asphaltic products."

The Court finds that the goods for which Esso was registered in the said registration cover gasoline.

35. Plaintiff is the owner of the following trademark registrations for petroleum products of various kinds which were issued by the Department of State of the State of Kentucky:

Trademark	Date of Issuance
Esso	Dec. 3, 1927
Essolube	Jan. 18, 1935
Essolene	Jan. 18, 1935
Essotane	Sept. 10, 1937

The goods for which Esso was registered in the registration of December 3, 1927 are described as follows:

"Oils, compounds and mixtures in tins, bottles, siphons, kegs, boxes, or drums".

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The goods for which Essolene was registered in the registration of January 18, 1935 are described as follows:

"Oils, compounds and mixtures in bottles, siphons, pumps, tins, kegs, boxes, or drums".

The Court finds that the goods for which Esso and Essolene were registered in the said two registrations, respectively, which do not require renewal, cover gasoline.

36. Plaintiff is the owner of the trademark Esso and other trademarks which include Esso for petroleum products. Defendant has admitted it has no right, title or interest in or to such trademarks, and has used such trademarks in the five-state area only by authorization or permission of plaintiff.

37. Defendant had actual knowledge of plaintiff's Florida registration of the trademark Esso for petroleum products at least as early as 1940 and of plaintiff's United States and Mississippi registrations of the trademark Esso and other trademarks which include Esso for petroleum products at least by 1950. Defendant also had learned at least by 1950 that one of the said Mississippi trademark registrations had been in full force and effect since 1928. At no time did defendant object to any of the said trademark registrations or plaintiff's maintenance thereof, although in 1953 defendant did request plaintiff to cancel plaintiff's Georgia registration of Standard and plaintiff did so in 1954.

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38. Since at least 1932, defendant has been distributing in the five-state area a wide variety of plaintiff's petroleum products bearing plaintiff's trademark Esso or other trademarks which include Esso which defendant has been purchasing from plaintiff. The petroleum products bearing the trademark Esso or other trademarks which include Esso so purchased and distributed by defendant have included lubricating oils and greases of various types, aviation gasoline, solvents, waxes, protective coatings, industrial, marine, specialty and incidental oils, and also insecticides, propane and butane.

39. Defendant has repeatedly acknowledged that it has been a distributor in the five-state area of plaintiff's petroleum products bearing plaintiff's trademark Esso or other trademarks which include Esso, and has consistently recognized that plaintiff is the owner of the Esso trademarks for petroleum products. Defendant has not claimed any rights in the trademark Esso or other trademarks which include Esso, and has admitted that it cannot use the Esso trademarks without authorization or permission from plaintiff.

40. Containers for the petroleum products sold by defendant which bore plaintiff's trademark Esso or other trademarks which include Esso also bore the phrase "Distributed by Standard Oil Company (Kentucky)" or "Standard Oil Company (Kentucky) Distributor" or comparable language. Whatever deviation occurred from this practice was a matter of inadvertence.

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41. Since a time long prior to the date of the commencement of this action, plaintiff has been and is now advertising its products bearing its Esso trademarks in various consumer and trade publications circulating in the five-state area. Plaintiff has also advertised and is now advertising its products bearing its Esso trademarks in newspapers circulating in the five-state area and in radio and television broadcasts in the five-state area. Plaintiff's advertising of its products bearing its Esso trademarks in the five-state area has been extensive and widespread and the amount of money which plaintiff has spent on such advertising has been substantial.

42. Defendant has advertised plaintiff's petroleum products bearing the trademark Esso or other trademarks which include Esso which it purchased from plaintiff and sold in the five-state area in various trade publications, newspapers, radio broadcasts, highway billboards, point of sale displays, and through other means in the five-state area. Such advertising by defendant of plaintiff's petroleum products bearing the trademark Esso or other trademarks which include Esso in the five-state area has been appreciable.

43. As a result of plaintiff's advertising of its trademark Esso and other trademarks which include Esso in the five-state area and defendant's advertising and sales of plaintiff's petroleum products bearing the said trademarks in the five-state area, a substantial good will and reputation attaches to the mark Esso in the five-state area. The mark Esso has acquired secondary meaning in the five-state area in that the trade and purchasing public believe that petroleum products up-

on or in connection with which the mark Esso is used are products of plaintiff. When plaintiff began to advertise, offer for sale and sell its petroleum products bearing the trademark Esso and other trademarks which include Esso in the five-state area directly, it did not intend to trade upon the good will attaching to any of the defendant's names, trademarks or service marks, or of any so-called abbreviations or derivations thereof, but, instead, merely intended to take advantage of the good will which had come to attach to its trademark Esso and other trademarks which include Esso in the five-state area as a result of the distributor relationship which has long existed between plaintiff and defendant, and to utilize the trademarks which would enable it to compete in the most effective manner with other oil companies in the said area.

44. Defendant has advertised Esso aviation gasoline in the five-state area through various media, including radio commercials, newspapers, ticket envelopes distributed by Delta Airlines in 1955 and 1956, flight calculators and give-away articles, identification signs on pumps, windsocks displayed at airports, and decalcomanias attached to structures of servicing equipment at airports. In addition, plaintiff has advertised Esso aviation gasoline in trade publications circulating in the five-state area, and, at defendant's request plaintiff has been distributing to specific individuals in the five-state area a publication entitled "Esso Air World" since 1954 and a publication entitled "Esso Co-Pilot" since long before that year.

45. Since at least 1934, defendant has been and is now selling large quantities of Esso aviation gasoline

or Esso turbo fuel to various airlines in the five-state area, pursuant to contracts with such airlines in which defendant has been either a contracting party or a supplying company. The brand of aviation fuel provided for in the said contracts and actually received by the said airlines from defendant in the five-state area according to the terms of the said contracts was and is Esso. Defendant has purchased all of such Esso aviation fuel which it has sold to the said airlines from plaintiff.

46. Gasoline and lubricating oils and greases are generally found in the "line" of the same producer and ordinarily are sold through the same channels of trade and under the same circumstances and conditions of the same class of purchasers.

Conclusions of Law.

1. This is a civil action brought under the Federal Declaratory Judgment Act, 28 U.S.C., Sections 2201 and 2202, for a declaration and judgment as to plaintiff's rights in an actual controversy between plaintiff and defendant within the jurisdiction of this Court. A justiciable controversy exists between plaintiff and defendant.

2. The jurisdiction of this Court rests upon the ground that this is a civil action arising between citizens of different states wherein the amount in controversy exceeds the sum or value of ten thousand dollars ($10,000.), exclusive of interest and costs, and also upon the ground that this civil action arises under the Trademark Laws of the United States, viz., the

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Trademark Act of July 5, 1946, 60 Stat. 427, 15 U.S.C., Section 1051 et seq., and under the Judicial Code, 28 U.S.C., Section 1338.

3. This Court has jurisdiction of the parties and the subject matter of the action.

4. As the successor corporation to Penola, Inc., Standard Oil Company of New Jersey and Esso Standard Oil Company, respectively, plaintiff is a party with defendant to each of the three contracts, and defendant is bound to plaintiff according to the terms of each thereof.

5. The three contracts had a legitimate business purpose and are not contrary to public policy.

6. The three contracts expressly define the rights and obligations of the parties, and, therefore, such contracts, rather than general principles relating to unfair competition, must govern. This controversy is a contract action and not a trademark action, and, whatever the applicable law might be in the absence of the three contracts, is to be determined according to the law of contracts and not according to the law of trademark infringement or unfair competition.

7. The three contracts are complete and unambiguous and their meaning is plain, and, consequently, no construction or interpretation thereof is required. The intention of the parties thereto and the extent of the rights and obligations defined therein must be ascertained only from the language of the contracts, and the express terms thereof may not be varied, contradicted or defeated by any of the extrinsic evidence which defendant has offered. However, the situation of the parties at the time of making the con-

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tract, the surroundings, circumstances and the purpose of the contract may be considered in determining the intent of the language used.

8. Under the three contracts, plaintiff has the right to sell, offer for sale and advertise petroleum products of any and every kind, including marine lubricants, commercial propane, oils and greases of various types, and gasoline, under the trademark Esso and other trademarks which include Esso in the five-state area directly and not through defendant.

9. Under the three contracts, plaintiff is not estopped from selling petroleum products of any and every kind under the trademark Esso or other trademarks which include Esso in the five-state area directly and not through defendant or from asserting its exclusive rights in and to the use of the said trademarks in the said area.

10. The sale, offering for sale or advertising by plaintiff of petroleum products of any and every kind under its trademark Esso or any of its other trademarks which include Esso in the five-state area directly and not through defendant does not constitute a breach of any of the three contracts.

11. Since the petroleum products for which the trademark Esso is registered in United States trademark registrations Nos. 176,408, 347,466 and 347,467, which are specifically set forth in the 1955 contract, cover gasoline, the 1955 contract covers the trademark Esso for gasoline.

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12. Under the three contracts defendant is estopped from questioning plaintiff's right to sell, offer for sale or advertise petroleum products of any and every kind under the trademark Esso or other trademarks which include Esso in the five-state area directly and not through defendant.

13. Under the three contracts defendant is estopped from questioning plaintiff's ownership of the trademark Esso or other trademarks which include Esso or plaintiff's exclusive rights in and to the use of the said trademarks in the five-state area.

14. Defendant has no right or privilege to sell, offer for sale or advertise petroleum products of any kind under the trademark Esso or any other trademark which includes Esso, except as it is expressly authorized or permitted to do so in the five-state area pursuant to the terms and conditions of the three contracts.

15. Under the three contracts defendant has not acquired any right, title, privilege or any other interest in or to plaintiff's trademark Esso or other trademarks which include Esso, and, at the termination of the said contracts, defendant's authorization or permission to use any of the said trademarks terminates.

16. The legal effect of the three contracts is that any rights which are created in the trademark Esso or other trademarks which include Esso by defendant's use thereof in the five-state area, pursuant to the terms and conditions of the said contracts, inures to the benefit of and constitutes in law use by plaintiff.

17. The word Esso was a good and valid common law trademark of plaintiff for petroleum products of

various kinds prior to 1932 and meant to the trade and to the purchasing public that the petroleum products upon or in connection with which it was used were manufactured and/or sold by plaintiff.

18. The word Esso has continued to be, from prior to 1932 to date, and now is a good and valid common law trademark of plaintiff for such petroleum products as were then manufactured and/or sold by plaintiff and for such additional petroleum products as have from time to time been added to the "line" of goods manufactured and/or sold by plaintiff in the course of the natural expansion of its business.

19. The following United States trademark registrations are all good, valid, presently subsisting and uncanceled:

Trademark	Registration Number	Date of Issuance
Esso	176,408	Nov. 27, 1923
Essolube	285,285	July 21, 1931
Cylesso	305,424	Aug. 15, 1933
Valesso	305,428	Aug. 15. 1933
Teresso	305,438	Aug. 15, 1933
Essomarine	307,919	Nov. 14, 1933
Esso-Mar	316,711	Sept. 4, 1934
Solvesso	318,870	Nov. 6, 1934
Solvesso	318,875	Nov. 6, 1934
Essotex	323,839	May 7, 1935
Essotex	324,244	May 14, 1935
Solvesso	324,419	May 21, 1935
Essorod	325,486	June 25, 1935
Spinesso	325,863	July 9, 1935
Essotane	331,486	Jan. 7, 1936
Esso in Oval	347,466	June 29, 1937
Esso in Oval	347,467	June 29, 1937

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20. The following trademark registrations issued by the Department of State of the State of Mississippi are good, valid, presently subsisting and uncanceled:

Trademark	Date of Issuance
Esso	Mar. 10, 1928
Esso	July 1, 1938
Esso in Oval	July 1, 1938
Essotane	July 1, 1938

21. The following trademark registrations issued by the Department of State of the State of Alabama are good, valid, presently subsisting and uncanceled:

Trademark	Date of Issuance
Esso	Jan. 24, 1928
Essolube	Jan. 23, 1935
Essotane	Sept. 11, 1937

22. The following trademark registrations issued by the Department of State of the State of Florida are good, valid, presently subsisting and uncanceled:

Trademark	Date of Issuance
Esso	Dec. 1, 1928
Essolube	Jan. 21, 1935
Essotane	Sept. 11, 1937

23. The following trademark registration issued by the Department of State of the State of Georgia is good, valid, presently subsisting and uncanceled:

Trademark	Date of Issuance
Esso	Nov. 16, 1928

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24. The following trademark registrations issued by the Department of State of the State of Kentucky are good, valid, presently subsisting and uncanceled:

Trademark	Date of Issuance
Esso	Dec. 3, 1927
Essolube	Jan. 18, 1935
Essolene	Jan. 18, 1935
Essotane	Sept. 10, 1937

25. Even had there been no contracts between the parties, defendant is estopped, by reason of the distributor relationship, from asserting that plaintiff may not, at the termination of the distributor relationship, use its trademark Esso or other trademarks which include Esso in the five-state area, or sell, offer for sale or advertise petroleum products of any kind under its said trademarks in the said area, directly and not through defendant.

26. Plaintiff's rights in and to its trademark Esso are not limited to the products upon or in connection with which the said trademark has actually been used but extend to all products which would reasonably be attributed by the purchasing public to plaintiff if sold under the trademark Esso or a similar mark. Lubricating oils and greases and gasoline are products of such a nature and are sold under such circumstances and conditions that, if sold under the trademark Esso or other trademarks which include Esso, would likely be thought by the purchasing public to originate from the same source, i.e., plaintiff. Purchasers in the five-state area who are familiar with plaintiff's lubricating oils and greases sold under the

trademark Esso or other trademarks which include Esso would likely believe that gasoline sold under the trademark Esso was also a product of plaintiff. Therefore, even if the 1955 contract did not cover Esso for gasoline (which, as this Court has concluded in Paragraph 11 above, it does), plaintiff's right to use the trademark Esso or other trademarks which include Esso in the five-state area directly and not through defendant would extend to gasoline.

27. The petroleum products which plaintiff has the right to sell, offer for sale and advertise under the trademark Esso and other trademarks which include Esso in the five-state area directly and not through defendant include lubricating oils and greases and gasoline. Therefore, since the said products are ordinarily purchased by the motoring public and others at service stations which are, and are understood by the motoring public and others to be, the normal and usual outlets for the retail sales of such products, it necessarily follows that plaintiff has the right to display its trademark Esso upon identification signs, otherwise known as "ID" signs, erected at the premises of service stations where its Esso lubricating oils and greases and gasoline are sold, in order that the motoring public and others who may be seeking the said Esso products may be apprised of the fact that the said Esso products are on sale at such service stations.

28. Defendant and its officers, directors, servants, agents and employees, successors and assigns, and any and all persons acting by or under its authority or consent or in privity with it, shall be permanently

enjoined and restrained from interfering in any manner with plaintiff's exercise of its right to sell, offer for sale and advertise petroleum products of any and every kind under its trademark Esso or any of its other trademarks which include Esso in the five-state area directly and not through defendant.

29. Plaintiff's name Humble and its trademark Esso, together with the words "Happy Motoring", are prominently displayed in large-sized letters on the buildings or premises of all of plaintiff's service stations. Defendant's name and trademark Standard or Standard Oil and trademark Crown are conspicuously displayed on the buildings or premirses of all of defendant's service stations. Neither the word Standard nor the word Crown appears anywhere on or near any of plaintiff's service stations.

30. Whatever use, if any, defendant has made of the designation "SO" or "S.O." in the five-state area has been insignificant and transitory, with no effect whatsoever upon the market, and entirely insufficient to establish trademark rights in the said designation. In the absence of evidence of substantial use by defendant of the designation "SO" or "S.O.", defendant has failed to prove that it or its products are known to the purchasing public in the five-state area by the said designation.

31. Defendant failed to prove its claim that its service stations in the five-state area are known to and recognized by the purchasing public by a distinctive trade dress, color scheme and general appearance, which is predominantly red, white and blue in color.

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The evidence shows that some of defendant's service stations were painted in a variety of colors other than red, white and blue. In addition, as the evidence further demonstrates, the red, white and blue color scheme is in such widespread use for the service stations of others in the five-state area that defendant's claim that such color scheme identifies its service stations in such area in entirely lacking in substance.

32. The trade dress, color scheme and general appearance, of plaintiff's service stations in the five-state area and of plaintiff's products sold at such service stations, either alone or in combination with plaintiff's use of Esso at such service stations, have not resulted and are not likely to result in confusion, mistake or deception of the purchasing public, and have not caused and are not likely to cause any of the purchasing public to assume erroneously that plaintiff's service stations, services, gasoline and other petroleum products, in the five-state area are the service stations, services and products of defendant, or are in some way legitimately related to, authorized by, or connected with defendant.

33. A considerable number of defendant's dealers have erected Esso signs at their Standard or Standard Oil service stations in which the word Esso has generally been prominently displayed. In some instances, the word Esso has been displayed alone, and, in other instances, the word Esso has been accompanied by language indicating that Esso credit cards were honored or Esso motor oil was sold at such service stations. Such accompanying language, where

present, has, with few exceptions, been in letters appreciably smaller than the word Esso, and, in many instances, has been visible only upon close inspection. In several instances, the word Esso has been displayed in letters which were larger than the words Standard Oil appearing on the identification or "ID" signs of the said service stations.

34. Defendant has failed to sustain its burden of proving that an appreciable number of ordinary purchasers buying petroleum products in the ordinary way in the five-state area are likely to be confused, mistaken or deceived by plaintiff's use of its trademark Esso into believing that plaintiff's service stations, services and products, are the service stations, services and products of defendant or of defendant's dealers.

35. The bulk of the confusion testified to by defendant's witnesses was not occasioned by an wrongful use of Esso by plaintiff or by any other wrongful conduct on the part of plaintiff, but, on the contrary, is attributable to one or more of the following causes:

(A) Some of the confusion testified to by defendant's witnesses resulted from the exercise by plaintiff and defendant of their respective legal rights under the three contracts. These contracts were fully intended and carefully prepared, and were entered into in good faith by parties who were completely cognizant of the trade and of the market practices involved.

(B) Some of the confusion testified to by defendant's witnesses resulted from the fact that defendant

has been for many years and still is a distributor of plaintiff's Esso petroleum products in the five-state area, and some members of the purchasing public have continued to associate such Esso petroleum products and the trademark Esso with defendant. Some members of the purchasing public have not yet become aware of the fact that plaintiff and defendant are now in competition with each other and that the distributor relationship will eventually terminate, and it is likely that some time will elapse before such members of the purchasing public become aware of such fact. Defendant has not made any effort to appraise the public of the eventual termination of the distributor relationship and to avoid any possibility of confusion.

(C) Some of the confusion testified to by defendant's witnesses resulted from the fact that defendant's credit cards were and are honored at plaintiff's Humble service stations, and plaintiff's credit cards were and are honored at defendant's Standard or Standard Oil service stations, pursuant to a legitimate reciprocal business arrangement.

(D) Some of the confusion testified to by defendant's witnesses resulted from the Esso signs which a considerable number of defendant's dealers erected at their Standard or Standard Oil service stations in which the word Esso usually appeared in large letters and the accompanying language, if any, respecting the honoring of credit cards or the selling of motor oil, with few exceptions, appeared in smaller letters. which, in many instances, were visible only upon close inspection. Defendant has done nothing

effective to compel its dealers to discontinue such uses of Esso at their Standard or Standard Oil service stations.

(E) Some of the confusion testified to by defendant's witnesses resulted from the mistaken belief or notion entertained by many members of the public that a connection of some kind exists among all "Standard Oil" companies. There is no evidence of any kind which indicates that plaintiff either fostered or encouraged such a belief or notion on the part of the public. This mistaken belief or notion likely stems from the fact that the public generally does not know the details of the Supreme Court decree of 1911 (221 U. S. 1), which dissolved the "Standard Oil Trust" but did not require any of the separate "Standard Oil" companies which thereafter operated in different geographic areas to discontinue use of the "Standard Oil" name.

36. Defendant produced at the trial 26 witnesses from the five-state area who testified in substance that they were confused into believing that plaintiff's Humble service stations were the Standard or Standard Oil service stations of defendant. In addition, defendant introduced into evidence all or portions of the testimony of another 127 persons from the five-state area who had testified substantially to the same effect previously either at the hearing on defendant's motion for a preliminary injunction or on depositions taken by defendant during its discovery before trial. There is no evidence whatsoever to indicate how many prospective witnesses were interviewed and rejected by defendant before this small number was

selected out of the millions of consumers of petroleum products in the five-state area. Under such circumstances, the question of liklihood of confusion, the testimony of these witnesses is of little probative value.

37. Plaintiff produced at the trial 48 witnesses from the five-state area who testified in substance that there was no confusion in their minds between plaintiff and its Humble service stations and Esso products on the one hand and defendant and its Standard or Standard Oil service stations and products on the other. Plaintiff also introduced into evidence all or portions of the testimony of another 12 persons from the five-state area who had testified substantially to the same effect previously at the hearing on defendant's motion for a preliminary injunction and the written statement of another person from the five-state area substantially to the same effect, in respect of which written statement plaintiff and defendant had agreed previously at the said hearing that the author thereof, if called as a witness by plaintiff, would testify according to such statement. In addition, plaintiff and defendant stipulated in open Court that another 286 persons from the five-state area, whose names, addresses and occupations were submitted, if called as witnesses by plaintiff, would testify to the same effect. The testimony of these witnesses, while not entitled to, nor has it been given much weight, yet it has been considered along with all the evidence.

38. A considerable part of the confusion testified to by defendant's witnesses was the result of thought-

less errors on the part of careless or inattentive purchasers. If such purchasers were confused by plaintiff's service stations, it was only because of their refusal or neglect to read the words Humble and Esso which were plainly before them.

39. Other evidence relied upon by defendant to establish liklihood of confusion, such as the testimony of its retail salesmen and bulk agents relating to misdirected telephone calls, misdelivered Esso signs and misdelivered merchandise, and documentary evidence such as misdirected mail, checks and the like, consisted almost entirely of hearsay, and was, therefore, carefully scrutinized by the Court. Since plaintiff did not have any opportunity to cross-examine the persons who made the said telephone calls, or delivered the said Esso signs or merchandise, or sent the said mail, for the purpose of ascertaining the reasons which prompted the misdirection or misdelivery of the same, such evidence has been accorded very little weight in determining the liklihood of confusion, and the Court does not find such evidence to be persuasive on this issue.

40. The Court has analyzed the documentary evidence, such as misdirected mail, checks and the like, claimed by defendant to demonstrate confusion and the liklihood thereof, and finds that the members of the purchasing public, who defendant claims are shown by the said documentary evidence to be confused, either were not confused, or were misled by the factors which have been set forth under Paragraph 35 above, or were the victims of their own carelessness, inattention or indifference, or were not

from within the relevant five-state area. Any confusion claimed by defendant to be demonstrated by the said documentary evidence which does not fall within one or more of these three categories is so insubstantial that it does not justify a finding that liklihood of confusion on the part of the public has been established.

41. In the early part of 1947, prior to the effective date of the Trademark Act of 1946, otherwise known as the Lanham Act, a meeting was held in Chicago, Illinois, in the Board Room of the Standard Oil Company of Indiana, at the request of Mr. Buhl Jones, who was then general counsel for that company. The meeting was attended by representatives of plaintiff and defendant and defendant's present parent company, Standard Oil Company of California, and of Socony Vacuum Oil Company, Standard Oil Company of Ohio and Standard Oil Company of Indiana, and lasted approximately three hours. At the meeting a discussion was had concerning the Lanham Act, the meaning of the concurrent registration provisions thereof, the necessity of registering marks under the Lanham Act, and other matters relating to the Lanham Act, and a list was read of names, including the name Standard, which had a common origin in the pre-1911 Standard Oil Company. The representative of the Socony Company referred to its registration of the word Standard and plaintiff's representative referred to plaintiff's registration of the word Standard, and neither defendant's representative nor the representative of its present parent company, nor anyone else at the meeting, made any reference whatsoever relating to the cancellation of any registrations

or as to what should be done in the future. With respect to the existing registrations of the companies represented at the meeting, the consensus of opinion of those present was that nothing was to be done at that time, and that the said registrations should be continued as they were.

42. The evidence is insufficient to sustain a finding that it has been and is the custom and practice among the various non-affiliated "Standard Oil" companies for each "Standard Oil" company to confine its direct use of Standard, Standard Oil or Standard Oil Company, or of any so-called abbreviations or derivations thereof, within its own marketing area, and to refrain from using any such Standard name or trademark, or any so-called abbreviations or derivations thereof, in the marketing area of another "Standard Oil" company, except through such other "Standard Oil" company. On the contrary, there is substantial eivdence in the record which refutes the existence of any such custom or practice among the various non-affiliated "Standard Oil" companies:

(A) The Socony Vacuum Oil Company (now known as Socony Mobil Company) and its predecessor, the Standard Oil Company of New York, used the word Standard in the New England area in connection with the sale of petroleum products from sometime well prior to 1931 until about 1948. The word Standard was used on all service stations from sometime well prior to 1931 until sometime after 1940 by the said company and its said predecessor, and its use was contunued from sometime after 1940 until about 1948 on fuel oil and other petroleum products. During the same

period, i.e., from about 1931 until 1948, the Colonial Beacon Oil Company, a predecessor of plaintiff, was using the word Esso on service station identification signs in the same territory. The Socony Vacuum Oil Company never received any complaints from anyone concerning the use of the word Esso by the Colonial Beacon Oil Company and never objected to the said use by or brought suit against the Colonial Beacon Oil Company for trademark infringement.

(B) Starting in approximately 1950, and possibly a year or two earlier, and continuing for a period of about six or seven years, the California Oil Company, an affiliate or subsidiary of defendant's parent company, the Standard Oil Company of California used the word Calso on the identification signs of its service stations and in connection with the advertising and sale of petroleum products in the northeastern United States, where plaintiff had been and was using Esso in the advertising and sale of its products and Standard in its corporate name and otherwise; and plaintiff informed the Standard Oil Company of California that it had no objection to such use of the word Calso by the California Oil Company in the said area.

(C) The Standard Oil Company of Indiana and the Standard Oil Company of California entered into an agreement, dated November 16, 1955, under which either of them was free, among other things, to use "a Standard name" in advertisments disseminated outside of its own marketing area, through consumer advertising media such as magazines, radio and television, provided only that at least 85 per cent of the audience reached thereby was located within its own marketing area.

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43. The rights and obligations of the parties litigant are governed by the three contracts and by the legal consequences of the distributor relationship which has long existed between them. Therefore, the confusion testified to by defendant's witnesses or claimed by defendant to be demonstrated by documentary evidence such as misdirected mail, checks and the like, or the liklihood thereof, is immaterial and irrelevant. However, even if the confusion testified to by defendant's witnesses or claimed by defendant to be demonstrated by such documentary evidence, or the likelihood thereof, were to be considered material and relevant, such evidence does not establish a sufficient likelihood of confusion to enable defendant to prevail on its counterclaim.

44. Any confusion testified to by defendant's witnesses, or claimed by defendant to be demonstrated by such documentary evidence, which resulted from the exercise by plaintiff and defendant of their respective legal rights under the three contracts, cannot be complained of by defendant. Any such confusion, even if genuine, was a direct result of contracts which were fully intended and entered into in good faith by both parties, with full knowledge of the trade and of the market practices prevailing therein, and defendant must accept and cannot now seek to be relieved of the consequences of such contracts.

45. Any confusion testified to by defendant's witnesses, or claimed by defendant to be demonstrated by such documentary evidence, which resulted from the lawful distributor relationship which has long

existed between plaintiff and defendant, and from the fact that some members of the purchasing public, because of the said lawful distributor relationship, have continued to associate Esso petroleum products with defendant, cannot be complained of by defendant. Any such confusion, even if genuine, was a consequence of the said lawful distributor relationship and was not occasioned by any wrongful conduct on the part of plaintiff.

46. Defendant was under a duty to make known to the public the eventual termination of the distributor relationship existing between it and plaintiff and avoid any possibility that some confusion may arise from the fact that it and plaintiff are now in competition with each other. Since defendant has done nothing effective in this regard, it would be unjust and inequitable to permit defendant to benefit from any confusion testified to by defendant's witnesses, or claimed by defendant to be demonstrated by such documentary evidence, which resulted from defendant's breach of its affirmative duty to take steps to avoid it, even if any such confusion be genuine.

47. Any confusion testified to by defendant's witnesses, or claimed by defendant to be demonstrated by such documentary evidence, which resulted from the fact that the credit cards of each party were and are honored at the other party's service stations, pursuant to a reciprocal arrangement, cannot be complained of by defendant, since any such confusion, even if genuine, was a consequence of a legitimate business practice to which defendant was a party.

48. Any confusion testified to by defendant's witnesses, or claimed by defendant to be demonstrated by such documentary evidence, which was the result of thoughtless errors by careless or inattentive purchasers, even if genuine, does not establish likelihood of confusion. The fact that the carelessness or indifference of such purchasers resulted in their obtaining a product or service which was different from what they desired is no proof of confusion or the liklihood thereof.

49. The sale, offering for sale or advertising by plaintiff of petroleum products of any and every kind under its trademark Esso or any of its other trademarks which include Esso in the five-state area directly and not through defendant does not constitute infringement of any of defendant's names, trademarks or service marks, or of any so-called abbreviations or derivations thereof, or of any other rights of defendant.

50. The sale, offering for sale or advertising by plaintiff of petroleum products of any and every kind under its trademark Esso or any of its other trademarks which include Esso in the five-state area directly and not through defendant does not constitute unfair competition with defendant.

51. Plaintiff is not estopped from denying that its trademark Esso or other trademarks which include Esso is not or are not equivalent or equivalents of Standard, Standard Oil or Standard Oil Company, or of any so-called abbreviations or derivations thereof, in the five-state area.

52. The trade dress, color scheme and general appearance of plaintiff's service stations in the five-

state area and of plaintiff's products sold at such service stations, either alone or in combination with plaintiff's use of Esso at such service stations, do not simulate the trade dress, color scheme and general appearance of defendant's service stations and products in the said area, and do not constitute unfair competition with defendant.

53. The sale, offering for sale or advertising by plaintiff of petroleum products of any and every kind bearing the trademark Esso or other trademarks which include Esso in the five-state area directly and not through defendant does not constitute unclean hands on the part of plaintiff.

54. Even if the accompanying language concerning the honoring of credit cards or the selling of motor oil be truthful, the use by defendant's dealers of plaintiff's trademark Esso on such signs erected at their Standard or Standard Oil service stations cannot be sanctioned, since it is clear from the manner and circumstances of the use of Esso on such signs that the intent of such signs is to trade upon plaintiff's good will in the word Esso and deceive purchasers into believing that defendant's dealer Standard or Standard Oil service stations are plaintiff's or are sponsored by plaintiff or are connected in some way in trade with plaintiff.

An order may be drawn by attorneys for plaintiff in accord herewith and copies forwarded to opposing counsel for objections as to form, if any.

SIDNEY C. MIZE,
United States District Judge.

Filed at Biloxi, Mississippi, March 13, 1964.